Operating budget | Capital budget | Borrowing plan

2017-18 to 2021-22

Corporate Plan Summary

Farm Credit Canada
Advancing the business of agriculture

Canada

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1.0 | Executive summary

Canadian agriculture feeds the world. It is an important contributor to the Canadian economy, contributing billions annually to the GDP, and creating and sustaining jobs in communities across the country. Canadian producers and agribusiness and agri-food operators are focused on producing high-quality and safe products, all while managing the complexities of changing markets, consumer trends, human resource challenges and other factors.

With all that producers and agribusiness and agri-food operators have to manage, it is important for them to have a trusted, knowledgeable financial partner. As Canada's only financial institution focused solely on the needs and opportunities of the agriculture industry, Farm Credit Canada (FCC) plays a vital role by providing specialized products and services that help customers grow their businesses, take advantage of new market opportunities, and innovate to become more efficient and sustainable.

Strong financial management ensures FCC can serve the industry in both good and challenging times. FCC has met or exceeded its financial targets for over two decades. Over the five-year plan period, FCC forecasts to disburse almost $50 billion in lending to help the industry succeed. FCC operates in an efficient manner and offers fair pricing to Canadian farmers, agribusiness and agri-food operators.

Current dividend expectations reflect the strength of the Canadian agriculture sector over the past decade and are consistent with FCC's size and non-taxable status as a federal Crown. FCC forecasts to pay a $1.7 billion dividend to the Government of Canada over the five-year plan period. Dividend payments may vary based on actual financial performance and portfolio growth.

The 2017-18 to 2021-22 corporate plan is an output of FCC's strategic planning process. In developing the plan, FCC continued its practice of balancing resources and activities required to support planned portfolio and revenue growth. The FCC strategy has five focus areas:

- *sustainable business success*: ensures FCC maintains a strong financial position to serve customers through all economic cycles
- *great customer relationships*: ensures FCC delivers a customer experience that meets the needs of its customers
- *effective enterprise risk management*: protects FCC and great customer relationships by ensuring FCC diligently identifies, manages and responds to risks
- *execution excellence*: enables great customer relationships through technology and effective systems and processes
- *high-performance culture*: ensures how FCC employees work together supports a great customer experience

For this planning period, FCC will continue to focus its efforts in all five areas, with a particular focus on improving the customer experience so that FCC can protect and grow its great customer relationships. FCC will offer new services to meet the needs of existing customers and new products to attract the next generation of producers and operators. Investments in technology and digital solutions will allow customers to do business with FCC from anywhere, on any device. Enhanced technology will also enable employees to access knowledge and information to provide tailored advice to meet customers' needs.

FCC will benefit from simplified and evolved risk management tools and processes that enable employees to protect and grow customer relationships and advance the business while effectively managing the risks that are inherent to financial institutions. The employee experience will also be enhanced through new learning, diversity and mental health strategies.

By pursuing the strategy within this plan, FCC will remain self-sustaining and dedicated to meeting the needs of the Canadian agriculture industry through all economic cycles.

2.0 | Mandate

2.1 Corporate mandate

Canadian agriculture plays a vital role in supporting Canada's economy and in feeding a growing world. The Canadian agriculture and agri-food system contributes over $100 billion annually to the GDP, and is responsible for one in eight Canadian jobs. As Canada's leading provider of financial and business services tailored to the agriculture and agri-food industry, FCC ensures producers and agri-business operators have access to the capital, specialized products, knowledge and services needed to be successful today and into the future.

FCC's mandate is described in the *Farm Credit Canada Act* as follows:

> *The purpose of the corporation is to enhance rural Canada by providing specialized and personalized business and financial services and products to farming operations, including family farms, and to those businesses in rural Canada, including small- and medium-sized businesses, that are businesses related to farming. The primary focus of the activities of the corporation shall be on farming operations, including family farms.*

In addition to the *Farm Credit Canada Act*, FCC is governed by or subject to the following federal legislation:

- *Access to Information Act*
- *Canadian Environmental Assessment Act, 2012*
- *Canada Human Rights Act*
- Canada Labour Code
- *Canadian Multiculturalism Act*
- Canada's anti-spam legislation
- *Conflict of Interest Act*
- *Employment Equity Act*
- *Employment Insurance Act*
- *Federal Accountability Act*
- *Financial Administration Act*
- *Official Languages Act*
- *Privacy Act*
- *Public Servants Disclosure Protection Act*

FCC complies with other federal and provincial legislation such as land titles, farm debt mediation, personal property security acts, environmental protection, bankruptcy, insurance, occupational health and safety, and securities.

2.2 Achieving the mandate

FCC is Canada's only provider of financial and business services tailored exclusively to the agriculture and agri-food industry.

Financing primary production is FCC's core business and represents 86.5% of the loan portfolio. The corporation also serves agribusinesses along the value chain – from suppliers to processors.

FCC fulfils its mandate by offering loans and services to the agriculture and agri-food industry. Other offerings include management software, learning programs and knowledge to help customers and others involved in agriculture make sound decisions.

FCC's activities are consistent with the Government of Canada's priorities. By focusing on activities that serve the industry in reaching its fullest potential, FCC can assist the Minister of Agriculture and Agri-Food in supporting the agriculture industry to be a leader in job creation and innovation.

FCC achieves its mandate by focusing on the following activities, which are aligned with the direction received within the Minister of Agriculture and Agri-Food's mandate letter dated August 31, 2016:

Providing products, services and expertise tailored to the needs of the industry

As Canada's only financial institution focused exclusively on Canadian agriculture, FCC ensures Canadian producers and agri-business owners have access to capital and a wide range of financial and business products and services. These include long-term mortgages, short-term credit, inventory financing (to help dealers-finance inventory held for resale to producers), leasing and venture capital.

Beyond products and services tailored to the industry, FCC hires and develops employees who are passionate and knowledgeable about Canadian agriculture. This enables employees to build solid, meaningful relationships with FCC's customers and to serve as partners in helping customers grow and thrive in an ever-changing and complex operating environment.

Ensuring producers and agribusiness operators have access to needed capital through all economic cycles

FCC understands the importance of remaining financially viable through all economic cycles to support customers through good and challenging times. FCC carefully balances the resources required to provide business and financial services to the agriculture industry, while continuing to control costs and operate efficiently to sustain its excellent financial performance and ability to serve Canadian agriculture in the future.

The agriculture industry is affected by volatility in commodity prices, adverse weather conditions, and livestock and crop diseases. FCC takes a long-term view and remains committed to customers and the industry by providing access to capital in difficult times.

FCC's commitment to the agriculture sector was most evident in the financial crisis of 2009. As many financial institutions focused priorities away from agriculture, strong demand for credit from FCC resulted in a 2.7% increase in FCC's farm debt market share. As the financial crisis passed, other finical institutions refocused on Canadian agriculture. Their renewed presence in the market contributed to a more competitive environment for agricultural financing options, which was good for the industry and resulted in a moderation of FCC's market share.

In addition to ensuring steady access to credit for agriculture, FCC's long-term view of agriculture ensures consistent access to credit across sectors of the agriculture industry. In 2003, when trading partners closed their borders to Canadian beef exports following the discovery of Bovine spongiform encephalopathy (BSE), FCC experienced an increase in demand for credit within the beef sector. While other market players adjusted their strategies, FCC's long-term view meant that it remained active in the marketplace. In the two years after BSE was discovered (2004 and 2005) there was a major contraction in both total beef debt in Canada and number of beef operations. Beef debt decreased 3.0% in 2004 and 13.2% in 2005, while the number of farms declined by 5,850 – an 11.4% reduction – over those years. During this same time, FCC's beef portfolio continued to grow at annual rates of 3.0% from April 1 2004 to March 31, 2005 and 7.7% from April 1, 2005 to March 31, 2006.

Supporting farm families, producers and businesses along the value chain to grow and innovate

Access to capital allows producers and agribusinesses to adopt innovative practices and business models that enable them to expand, lower production costs, develop new products, compete in global markets, and take advantage of new trade opportunities as they arise.

As a Crown corporation, FCC fills the financing gap that exists for small- to medium-sized producers in the marketplace. FCC's competitive intelligence survey data indicates loans of less than $1 million encounter competition only 25% of the time. In contrast, loans greater than $1 million encounter competition approximately 54% of the time. Small- and medium-sized producers are essential to the economic prosperity of rural Canada, but

with loans of less than $1 million, they are not considered prime customers by many financial institutions. FCC understands that successful operations exist in all sizes and is a key partner to these smaller producers.

Supporting the next generation of Canadian producers and agri-business owners

FCC understands the importance of young farmers and entrepreneurs to the industry. FCC has developed a number of programs and services specifically for the next generation. Products and services such as the FCC Transition Loan and Young Farmer Loan help intergenerational transfers and assist new farmers entering the industry.

FCC also supports and invests in young farmers through its FCC On Campus program. Young farmers are also encouraged to participate in live events, including FCC Forums, and Ag Outlook and Ag Knowledge Exchange events, and to access online multimedia on FCC.ca, with topics that include managing farm finances, human resources and succession planning.

In 2015-16 and 2016-17, FCC engaged a Next Generation Advisory Council comprised of nine high-performing producers under the age of 40 from across the country. The purpose of the council is to gather insights from the participants about their vision for the future of Canadian agriculture, as well as their feedback and ideas on how FCC can continue to refine its customer experience to meet the needs of the next generation. Feedback received has been integrated into planned activities related to improvements and enhancements to FCC's products and services.

Ensuring innovative agriculture firms have access to capital and expertise

FCC invests in venture capital funds dedicated to agriculture. These funds are managed by Avrio Capital. Avrio is able to attract other investors to its funds as well as to individual investment opportunities. These funds provide financing in the form of subordinated debt as well as mezzanine and equity instruments. FCC's approach to venture capital ensures high-risk venture capital and expertise are available to the growing number of innovative firms that will help the industry reach new potential.

Keeping the industry competitive by sharing knowledge

Beyond lending, FCC is a supplier of agriculture-focused business insights and knowledge. FCC offers management workshops, learning events, multimedia tools, publications and management software to support customers and others involved in Canadian agriculture to succeed in an ever-changing and increasingly complex business environment.

FCC's workshops and learning events, publications and multimedia tools are offered at no cost, and are designed with the industry in mind. By providing content and events that are engaging, motivational, innovative and actionable, FCC helps producers, agri-business operators and others involved in Canadian agriculture to advance their management practices.

Fostering deeper public understanding of Canadian agriculture

Never before has there been greater interest in where food comes from and how it is produced. Consumers have many questions and it is important they receive their answers from those connected to the agriculture industry.

Initiated by FCC, Agriculture More Than Ever (AMTE) is an industry cause designed to improve perceptions and create positive dialogue about Canadian agriculture by encouraging those involved in the industry to speak up and share their experiences, knowledge and stories.

By making industry partners and producers aware of the need to connect directly with consumers and the public, and by providing resources and online training to help them make those connections, FCC can help the Canadian agriculture industry protect its social licence to operate. Improved perceptions of Canadian

agriculture also ensure the industry is better positioned to attract the talent and investment needed to grow and prosper.

Supporting the long-term viability of the industry by helping it improve public perceptions is good for Canadian agriculture, and for FCC's long-term success. The AMTE cause has also allowed FCC to strengthen its relationship with essential industry stakeholders (customers, industry associations, business partners, influencers and others), many of whom are represented in AMTE's more than 480 official partners.

Partnership with other financial institutions
Healthy marketplace competition and a choice of financing options are necessary for Canadian farmers and agribusinesses to be successful through all economic cycles. So too are partnerships that allow for innovative financing solutions to support the diverse needs of customers.

FCC partners with credit unions to share information, explore opportunities for collaboration and address market and policy issues of mutual interest. FCC and credit unions have established a liaison committee to identify ways they can better work together. FCC continues to identify partnership opportunities through activities such as loan participation agreements, the provision of complementary services to producers and the development of mechanisms to facilitate co-operation at the local level. FCC also co-sponsors learning workshops and events with Credit Unions.

FCC and Canadian banks work together as financing partners for farms and agribusinesses. The chartered banks often lead financing syndicates in which FCC participates. FCC provides input to both the syndicate and the customer based on its agriculture industry expertise. FCC has also signed memorandums of understanding with financial institutions to explore ways to partner financially.

Partnering with other Crowns to help the industry access new market opportunities
Ensuring producers and agri-business operators have access to international markets and can take advantage of opportunities created through trade negotiations is vital to the long-term success of Canadian agriculture. FCC works with Export Development Canada (EDC), Business Development Bank of Canada (BDC) and other government agencies to explore ways to create opportunities for Canadian producers and agri-business operators, and to advance Canadian agriculture. FCC collaborates with EDC and BDC to support access to international markets for Canadian agribusiness.

To improve access to international financing and risk management tools, FCC and EDC draw on each other's expertise, knowledge, processes and products for customers who require export and global investment solutions. FCC and BDC exchange information on a variety of topics such as existing and potential joint deals and referrals for business services.

Other government priorities

Board appointments – supporting the Governor in Council appointment process
FCC and its Board of Directors are fully compliant with the government's new process regarding the appointment of directors. FCC has worked with the Deputy Minister's and Minister's offices to develop the director profile, notice of opportunity, selection criteria and advertising strategy with a view to attracting a diverse pool of qualified candidates.

The Board's Corporate Governance Committee is also the Board's nominating committee and three members of that committee will serve on the selection committee that will be charged with interviewing candidates and agreeing on a short list of candidates for consideration by the Minister. FCC's Board of Directors is comprised of FCC's CEO and President, along with 11 independent members. There are currently seven of 11 independent positions to be filled between February 2017 and February 2018.

Capital and dividend policy framework for financial Crown corporations

Over the past year, the Department of Finance and financial Crown corporations have been collaborating on the development of a common capital and dividend policy framework, which has been approved by the Minister of Finance and is expected to be incorporated into the Treasury Board guidelines in the coming year. The desire is to achieve stronger financial governance, oversight and stewardship of public finances and minimize the risk of recapitalization of the financial Crown corporations.

The objectives of the framework are to ensure Crown corporations have appropriate methodologies in place to determine their capital adequacy requirements, that they effectively manage their capital in relation to risk and that dividends are paid to the shareholder when capital is in excess of determined levels required to deliver on their objectives. The framework also outlines minimum disclosure expectations related to risk, capital and financial performance.

FCC is already fulfilling the new requirements with a well-established, Board-approved capital management policy and internal capital adequacy assessment process (ICAAP). FCC's corporate plan disclosures have been updated to incorporate the new disclosure requirements and its Board of Directors has recently approved an updated dividend policy to align to the new dividend requirements. FCC's preparedness for the new framework reflects its commitment to prudent financial and risk management practices.

Diversity and inclusion

As a federal Crown corporation, FCC is committed to building a workforce that reflects the diversity of its customers and the Canadian workforce as a whole. To this end, FCC undertakes a number of activities in an effort to ensure FCC is a welcoming and inclusive workplace and that it can attract and retain talent from diverse backgrounds. These activities are outlined in FCC's diversity strategy and are supportive of the Government of Canada's commitment to diversity and inclusion.

An Indigenous Affinity Group (IAG) has been formed at FCC with an emphasis on supporting a more inclusive workplace that honours indigenous culture, history and traditions and enables Indigenous employees to reach their full potential. The IAG will have input into strategies and tactics that will influence the growth, development and retention of Indigenous employees at FCC.

FCC has a partnership with the University of Regina's Campus for All program, which provides learning opportunities for students with intellectual disabilities. After completing courses on campus, students are matched to employers who can offer them meaningful, customized, part-time employment opportunities. FCC has successfully hired three students from the program and plans to grow its involvement.

FCC's environmental performance

FCC is committed to improving the environmental performance of its internal operations, as well as supporting the industry with tools and knowledge to do the same.

FCC takes steps to minimize its impact on the environment. FCC works with its landlords to implement energy-saving initiatives in its buildings. FCC presently uses its 2012 emissions data as its benchmark. Since that time, FCC has reduced emissions by 9%. Energy-efficient upgrades to office space have resulted in a 6% emission reduction compared to 2012 levels, while reductions in air and vehicle travel have resulted in a 15% reduction in travel emissions.

FCC continues to implement programming designed to support employees in reducing their impact on the environment, such as a carpool program for corporate office employees, and will continue to look for opportunities to engage employees in improving FCC's environmental footprint.

Employee health and well-being
FCC knows that a healthy workplace, including one that supports the mental well-being of employees, is critical to employee engagement and FCC's ability to deliver an outstanding customer experience.

In creating FCC's mental health strategy, Human Resources analyzed existing health data such as prescription drug usage, long-term and short-term disability statistics, Employee and Family Assistance Program usage as well as data gathered through an employee survey on employee well-being as it relates to mental health. Based on this analysis, a series of initiatives has been identified for implementation starting in Q4 of 2016-17 and continuing over the next three years. See section 5 for more information.

As well, FCC offers Employee and Family Assistance Program (EFAP) services to employees, which includes access to confidential professional counselling services for employees and their family members.

Government directives

Employee pensions and compensation
FCC has taken steps to align its employee pension plans with the federal directive received in 2014. The first objective - to raise the normal age of retirement to 65 years for new hires starting January 1, 2015 - does not apply to FCC as the pension plan's defined benefit (DB) component has been closed to new members since January 1, 2009. The second objective is to phase in a 50:50 cost-sharing ratio for employee and employer pension contributions for members in all of its plans by December 31, 2017.

The Board and FCC are committed to offering employees compensation, benefits and a pension that is fair, competitive and sustainable over the long term. Attracting and retaining talent is critical to the success of every business. FCC reviews total cash compensation annually and presents the results to the Human Resources Board Committee for approval. FCC's compensation team compares the corporation to a consistent group of public and private organizations comparable in size, geography, industry and sector. Total cash compensation includes base pay and pay-at-risk. FCC does not offer long-term incentives.

Travel and hospitality
FCC received the government's directive on travel and hospitality by Order in Council P.C. 2015-1104 dated July 16, 2015. FCC is fully compliant with the directive as of March 31, 2016. See section 6 for reporting details.

FCC continues to ensure that travel, hospitality, conferences and event expenditures are managed with prudence and probity and represent the most economic and efficient use of funds given the nature of the activity in relation to the achievement of its core mandate.

FCC has taken steps to improve transparency and communication to the public on its management of travel and hospitality expenditures. FCC's expense policies, along with reporting on total annual expenditures for travel, hospitality, and conferences and quarterly travel and hospitality expenditures for the Enterprise Management Team and Board of Directors are available on FCC's website.

Other corporate commitments

Pricing
Pricing is a fundamental element in FCC's financial success and competitiveness in the marketplace. Research was conducted in 2015-16 to better understand industry practices in pricing and assess the current state of pricing at FCC. FCC is committed to pricing its loans consistent with the market. FCC strives to be neither the highest nor the lowest priced lender in the markets in which it competes.

FCC has continued to further refine its approach to pricing in 2016-17 with the 'Enhance Loan Pricing Structure and Governance' initiative. This initiative has focused primarily on enhancing and formalizing FCC's internal systems and processes related to loan pricing to

allow management to better manage its business. Work will be completed in 2016-17 to support the development of a comprehensive pricing framework that will provide enhanced clarity and understanding of all components of pricing. The pricing framework will establish a governance structure over pricing to support the achievement of corporate strategies, financial targets and the long-term sustainability of the corporation.

More information on FCC's pricing initiative can be found in section 5.

Corporate office facilities
In early 2013, FCC initiated a plan to consolidate its corporate office employees in two interconnected towers. FCC's landlord has completed construction of the new tower adjacent to FCC's existing corporate office and FCC is sharing space in the new tower with other tenants. FCC employees are now consolidated into the two interconnected towers.

The 2013 business case estimated the multi-year project costs at $20.5 million, including both capital and non-capital expenditures.

The 2016-17 Plan included $6.0 million of capital costs related to the corporate consolidation initiative, $4.2 million for leasehold improvements and $1.8 million for furniture and equipment. The forecast for capital spending in 2016-17 related to this initiative is $1.5 million, which is due to lower than expected spending on furniture and equipment and lower spending on leasehold improvements, which may need to be completed in the future. The 2017-18 Plan reflects a return to more normal costs related to corporate office facilities.

FCC's people strategy
Great leadership and a healthy culture are the foundation of FCC's people strategy. FCC will continue to focus on deepening its culture of 100% accountability and committed partnerships.

How leaders behave and connect with their team members and their partners is the single most important factor in supporting FCC's culture and creating a healthy employee experience. As FCC heads into the final year of its three-year plan (2015-16 to 2017-18) to deepen its culture and support the development of great leaders, work continues to ensure leaders have access to tools and learning that helps them develop and grow their leadership skills. To support the culture, FCC will continue to reinforce to employees key concepts of FCC's high-performance culture and how to put them into practice at work. FCC remains committed to building a pipeline of talent to fill leadership roles across FCC in the future.

Since 2014, FCC has been building and implementing a more structured succession management process in partnership with leaders. The process helps FCC to identify leaders with the potential to advance into more senior roles and to create, implement and track development plans to help them reach their potential.

Results and Delivery
As a federal Crown corporation, FCC is committed to making a difference in the lives of Canadians by supporting a strong, vibrant and sustainable Canadian agriculture sector, which in turn supports a strong, food secure and sustainable Canada.

The Canadian agriculture and agri-food system contributes more than $100 billion annually to the Canadian economy, and is responsible for one in eight Canadian jobs. FCC plays a vital role by offering financing, knowledge and other specialized services to the primary producers, family farms, and agri-business and agri-food operators who are foundational to the success of the fuller agriculture and agri-food system.

By achieving its mandate through the provision of specialized products, services, knowledge and support to Canadian producers and agribusiness and agri-food operators, FCC serves as a trusted partner, enabling them to continue to create good jobs and opportunity in rural communities

across the country, and to serve as drivers of the Canadian economy. For a summary of the results FCC will deliver for its customers, Canadian agriculture and all Canadians, along with expected outcomes and key performance indicators and targets, see Results Commitment Annex B.

3.0 | Corporate profile

FCC reports to Parliament through the Minister of Agriculture and Agri-Food. FCC provides financing and other services to more than 100,000 customers[1]. Operating from 100 offices located primarily in rural communities, its more than 1,700 employees are passionate about the business of agriculture.

FCC's roots date back to 1929, when the Canadian Farm Loan Board (CFLB) was established to provide long-term mortgage credit to farmers. In 1959, the *Farm Credit Act* established FCC as an agent Crown corporation named in Part I of Schedule III of the *Financial Administration Act*, making FCC the successor to the CFLB.

In 1993, the *Farm Credit Corporation Act* was proclaimed into law, expanding FCC's mandate and broadening its lending powers. Under the new mandate, FCC could provide financial services to farming operations, including individuals, farming corporations and farm syndicates, under the authority of one act.

In 2001, the *Farm Credit Canada Act* received royal assent, allowing FCC to offer an even broader range of services to producers, agri-food operations and agribusinesses.

3.1 FCC's vision

The following vision keeps employees focused on the future state:

The full agriculture and agri-food value chain believes FCC is advancing the business of agriculture. We are the place to obtain financial products, services and knowledge tailored to producers and agribusiness operators. Our customers are advocates of FCC and can't imagine doing business without us. We are a socially and environmentally responsible corporation. FCC is an employer of choice everywhere we operate. We make it easy for customers and employees to do business. We are financially strong and stable, and invest significantly in the agriculture and agri-food industry.

3.2 FCC value proposition

The FCC value proposition outlines what customers and prospects can expect from a relationship with FCC. It is available on FCC's website under About FCC, Who We Are, and Mission, Vision and Values.

3.3 Corporate citizenship

Corporate values

FCC is committed to advancing the business of agriculture. It does this by setting its sights high, working to benefit its customers and helping its employees achieve their full potential. FCC's corporate values represent its core beliefs. The corporate values are available on FCC's website under About FCC, Who We Are, and Mission, Vision and Values.

Corporate social responsibility

FCC conducts business in a socially and environmentally sustainable manner, paying attention to the needs of customers, employees, local communities, the agriculture industry and Canadian society as a whole.

Corporate social responsibility (CSR) is part of FCC's values and it guides how FCC operates. In 2015-16, FCC released its sixth annual CSR report, which is available on FCC's website under About FCC, Governance, Reports, Corporate Social Responsibility.

[1] FCC customers include all customers with an active loan balance who are primary borrowers, co-borrowers or guarantors for personal and corporate loans, including primary production, agribusiness and agri-food, and alliances.

FCC strives to be a responsible corporate citizen in all areas of its operations.

Sound governance and transparency are principles that guide FCC's CSR practices. The corporation acts with integrity and is accountable to stakeholders in accordance with all laws and with high ethical standards.

FCC believes that being a good corporate citizen is the right thing to do and makes good business sense. FCC's CSR activities support its business strategy and help position it for long-term success.

FCC's CSR framework is comprised of five areas:

Agriculture and food
FCC supports the development of a sustainable, competitive and innovative Canadian agriculture industry. FCC does this by providing knowledge and education, and by supporting initiatives and forming partnerships that advance the business of agriculture.

Community
FCC fosters strong and vibrant communities where its customers and employees live and work, with a focus on rural Canada.

Customers
FCC focuses on primary producers, as well as suppliers and processors along the agricultural value chain. The corporation provides customers with flexible and competitively priced financing, insurance, software, learning programs and other business services.

Employees
FCC fosters a culture of accountability, partnership and diversity – and delivers an exceptional employee experience.

Environment
FCC improves its environmental performance and supports the industry with tools and knowledge to do the same.

Cultural practices

In addition to its corporate values, FCC's cultural practices explicitly outline the behaviours that employees and Board members are expected to demonstrate with colleagues, customers, partners, suppliers and stakeholders.

3.4 Corporate governance

Board of Directors

The FCC Board of Directors represents the breadth of Canadian agriculture. Its expertise contributes significantly to the corporation's vision and strategic direction. The Board ensures that FCC remains focused on its vision, mission and values, and fulfilling its public policy role.

Board members are appointed by the Governor in Council upon the recommendation of the Minister of Agriculture and Agri-Food. Except for the President and CEO, Board members are independent of management. They bring a combination of agriculture, business and financial experience to the task of governing a Crown corporation that serves an increasingly complex industry.

The Board is composed of 12 members, including the President and CEO and the Chair. The full biographies of Board members are available on FCC's website under About FCC, Leadership, and Board of Directors.

The Board and committees typically meet five times each year. Four of these meetings are regular business meetings held at FCC's corporate office in Regina. The remaining meeting is the Board's strategic planning meeting. This meeting is held in conjunction with the corporation's annual public meeting, which is held in a different location each year to give Board members an opportunity to meet with employees, customers and stakeholders from different parts of the country, providing them with a better appreciation of the issues facing agriculture across Canada.

The Board is responsible for the overall governance of the corporation. It ensures that

FCC business activities are in the best interests of the corporation and the Government of Canada, as required by the *Farm Credit Canada Act* and the *Financial Administration Act*. Board members exercise a stewardship role, participate in the strategic planning process and approve the corporation's strategic direction and corporate plan. The Board also exercises its responsibility to ensure that risks associated with FCC's business have been identified. The Board ensures the appropriate authorities and controls are in place, risk is properly managed and the achievement of goals and objectives aren't in jeopardy.

The President and CEO is responsible for the corporation's day-to-day operations. The roles and responsibilities of the Chair, Board members, the President and CEO and all Board committees are set out in written profiles and charters that are available on request. These documents articulate the Board's responsibility in six major areas:

- corporate governance
- financial reporting and public disclosure
- government relations and CSR
- integrity – legal and ethical conduct
- leadership development
- strategic planning and risk management

The Board has four sub-committees: Audit, Corporate Governance, Human Resources and Risk.

Audit Committee members are independent of management. The committee is financially literate and is led by the chair, who is considered a financial expert.

The Audit Committee oversees the integrity, accuracy and timeliness of FCC's financial reporting. The Committee also oversees FCC's internal audit function to ensure compliance with laws, regulations and ethical conduct. This includes ensuring an ongoing working relationship between FCC and the Office of the Auditor General of Canada.

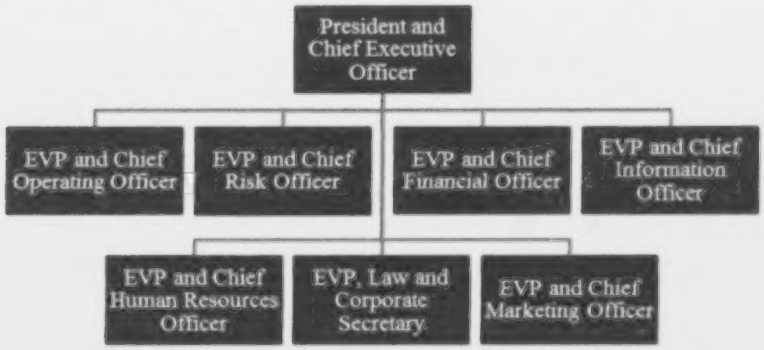
The **Corporate Governance Committee** reviews and makes recommendations to the Board with respect to sound governance practices. It oversees FCC's strategic planning process and CSR program. It also acts as the Board's nominating committee.

The Corporate Governance Committee regularly reviews the number, structure and mandate of Board committees, and is responsible for evaluating the performance of Board members, committees and the Board as a whole. The committee also oversees FCC's policies on ethics, conflicts of interest and codes of conduct for employees and Board members.

The **Human Resources Committee** reviews the corporation's compensation structure, pension plans, succession plan, corporate learning programs for employees and executive perquisites program. The committee also provides support to the President and CEO's selection, goal setting and performance reviews.

Risk Committee members are independent of management. The Risk Committee has a broad mandate to assist the Board in fulfilling its oversight responsibilities for the identification and management of risk. The Risk Committee oversees risk management on an enterprise-wide basis and reviews and recommends to the Board for approval FCC's risk appetite and tolerances against which the business performance of the corporation will be measured, monitored and controlled. The Risk Committee is also responsible for reviewing and approving the FCC's risk management policies, advising on the risk impact of strategic issues, new products and services, and overseeing the FCC's performance against the defined risk appetite.

Enterprise Management Team (EMT)


President and Chief Executive Officer
EVP and Chief Operating Officer
EVP and Chief Risk Officer
EVP and Chief Financial Officer
EVP and Chief Information Officer
EVP and Chief Human Resources Officer
EVP, Law and Corporate Secretary
EVP and Chief Marketing Officer

EMT consists of the President and CEO and Executive Vice-Presidents. Bound by the code of conduct and ethics, FCC executive and senior management teams adhere to the highest ethical standards of business, professional and personal conduct. All executives, with the exception of the President and CEO, are paid within the salary ranges and compensation policies approved by the Board. The Governor in Council establishes the President and CEO's compensation.

EMT is responsible for business results and corporate decision-making, including the strategic vision, allocation of enterprise resources and resolution of major strategic issues. Full biographies are available on FCC's website under About FCC, Leadership and Enterprise Management Team.

Senior Leadership Team (SLT)

SLT consists of the President and CEO, Executive Vice-Presidents and Vice-Presidents. This team provides input on setting corporate priorities to achieve strategic objectives consistent with FCC's mandate and approved direction.

Governance framework

In addition to the Board, EMT and SLT, FCC has established a governance framework, including the following committees, to guide corporate decision-making.

The **Asset Liability Committee** (ALCO) directs and executes the corporation's business and financial performance relative to the approved strategy and risk appetite framework. This includes loan pricing direction, portfolio diversification and liquidity investment, integration with corporate strategies and financial planning, and achievement of portfolio return targets.

The **Credit Committee** assesses the credit risk on loan applications from larger customers to ensure loan proposals fall within desired risk tolerances and credits are properly structured and have appropriate conditions. They also ensure other factors such as customer reputation risk and loan pricing relative to risks have been effectively considered.

The **Credit Policy Committee** oversees the development of lending, leasing and custom policies and ensures they reflect FCC's credit risk tolerance, risk culture and industry best practices, complying with applicable laws and regulations.

The **Enterprise Risk Management Committee** advises the Chief Risk Officer (CRO), oversees enterprise risk management governance and risk management practices, and promotes a risk culture at FCC in co-ordination with EMT. The committee oversees the management of corporate risks, which includes providing input on the corporate risk appetite and tolerances, and risk policies and practices. The committee provides recommendations and information to

the CRO, the Board's Risk Committee and the Board.

The **Horizon Steering Committee** provides strategic direction to EMT on compensation and performance management processes. The committee also evaluates all jobs in relation to FCC's classification system.

The **Pension Committee** provides advice to the Board's Human Resources Committee to ensure the effective operation of the pension program. It ensures the pension plan and pension fund are funded and administered in accordance with the *Pension Benefits Standards Act* and *Income Tax Act*, and fulfils FCC's role as plan administrator by monitoring and reviewing fund activities. The committee also promotes awareness and understanding of the retirement program.

The **Pricing Committee** provides advice to ALCO on all issues related to the pricing of loans. It monitors and makes modest pricing adjustments as per FCC's margin targets. It regularly reports to ALCO on pricing performance and issues, and makes recommendations to ALCO for the approval of material pricing adjustments.

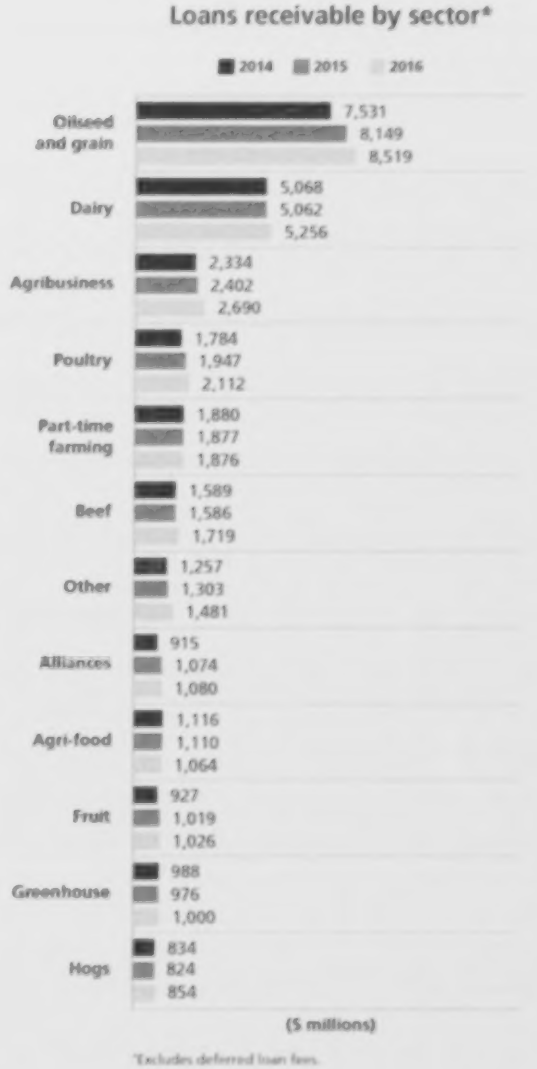
The **Strategy Execution Team** approves corporate projects that enable the execution of the business strategy.

The **Venture Capital Committee** approves commitments of capital to third-party fund managers for venture capital investments.

3.5 FCC loan portfolio

Portfolio by sector

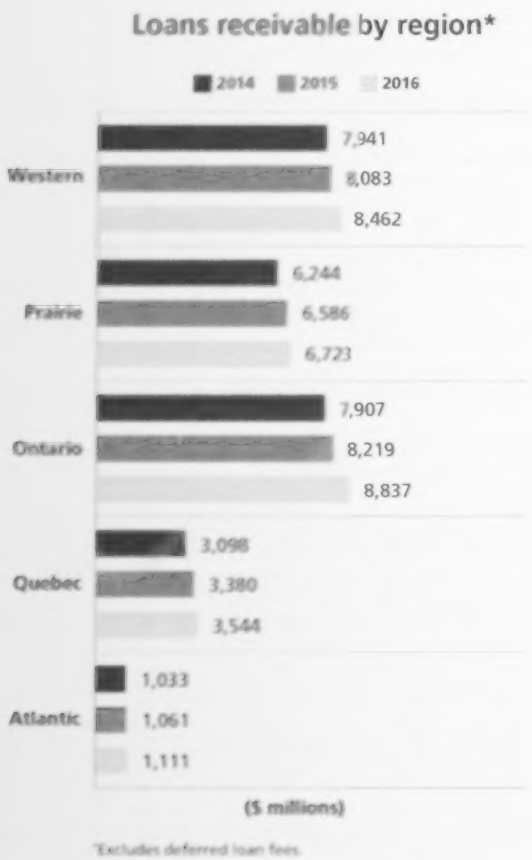
FCC lends to all agriculture sectors. This diversifies FCC's lending portfolio and reduces sector-specific risks.



*Excludes deferred loan fees.

Portfolio by geographic area

By lending to all areas of agriculture across Canada, FCC is able to spread risk geographically while promoting agriculture as a strong and vibrant industry.



*Excludes deferred loan fees.

3.6 Financial services industry

The agriculture market is served by chartered banks, credit unions, provincial lending agencies, equipment manufacturer financing programs, crop input financing programs and independent financing institutions. Nationally, the main lenders are FCC, chartered banks and credit unions.

According to the Office of the Superintendent of Financial Institutions and the Canadian Credit Union Association, Canada currently has:

- 29 domestic banks (including six major chartered banks)
- 56 foreign bank branches and subsidiaries
- 45 trust companies
- 71 life insurance companies
- 316 credit unions and caisses populaires outside of Quebec

Provincial government Crown corporations or agencies that serve agriculture include:

- ATB Financial
- Agriculture Financial Services Corporation (AFSC)
- Finance P.E.I
- La Financière agricole du Québec (FADQ)
- Manitoba Agricultural Services Corporation (MASC)
- New Brunswick Agricultural Development Board
- Nova Scotia Farm Loan Board (NSFLB)

Market share

According to Statistics Canada, farm debt outstanding increased by 8.5% to $91.79 billion in 2015. FCC's market share for mortgage debt decreased by 0.73% and non-mortgage debt decreased by 1.38%, for an overall decrease of 1.06 percentage points to 27.14% market share.

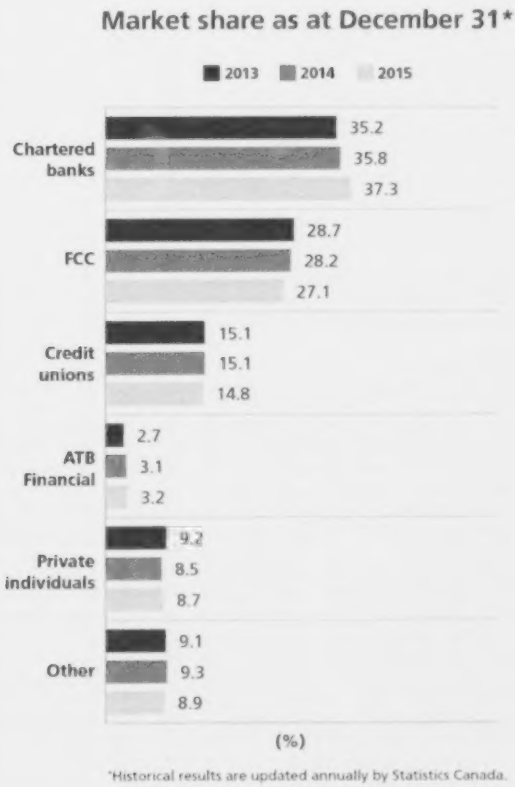
FCC's portion of Canada's outstanding farm debt at $24.92 billion remained second only to the chartered banks at $34.19 billion.

Despite this being the third year in a row FCC has seen a decrease in market share, the corporation still grew its lending portfolio by $1.3 billion in 2015, an increase from $1.1billion the previous year.

The chartered banks had the largest percentage increase in market share in 2015. Their market share increased 1.14% to 37.25%, showing increases in both mortgage and non-mortgage debt.

The credit union market share decreased slightly by 0.28% to 14.78% market share in 2015.

Provincial government agencies have stayed fairly consistent, increasing market share in 2015 by only 0.47%. ATB Financial increased its market share by 0.14% in 2015 to 3.22%.



*Historical results are updated annually by Statistics Canada.

4.0 | Trends and developments in the agriculture and finance industries

Macroeconomic outlook

The Canadian economy is expected to experience moderate growth over the forecast period as Canadian exports and business investment remain subdued, mostly due to the overall global economic climate. The European economy remains weak, the U.S. economy is stronger but still struggling to build the foundations for sustainable, strong economic growth, and the Chinese economy is slowing. This is all resulting in reduced export opportunities for Canadian businesses. In addition, the global oil market still shows production exceeding demand, which is expected to keep oil prices weak.

The net result will be gross domestic product growth of between 1.5% and 2.5% per year over the five-year forecast period, based on average market forecasts. Muted economic growth and uncertainty will support the Bank of Canada's current low interest rate policy. The Bank of Canada is projected to keep its overnight rate at 0.50% in 2017 and 2018, followed by a small increase in 2019. As a result, mortgage rates for borrowers are expected to remain low. By the end of 2021, the average five-year mortgage rate is projected to be 4.5%. Moderate economic growth will help keep a lid on inflation, which is projected to average 2.1% over the five-year period, and within the target range of the Bank of Canada. A stable but relatively low-priced oil market should continue to support a Canadian dollar lower than the U.S. dollar. The Canadian dollar is projected to stay in the range of $0.75 – $0.80 USD over the five-year period.

Canadian agriculture financial health

In 2015, total liabilities on Canadian farms increased at a faster pace than asset values for the first time in over five years. Farm debt increased 8.9%, while asset appreciation was 6.2%[2]. This is a trend that was consistent across all provinces. Statistics Canada's agriculture balance sheet signals a softening in an otherwise very healthy financial picture for Canadian farms.

1. Liquidity – In 2015, the current ratio decreased from 263% to 238% – its lowest point since 2009. The most recent five-year average is 264%. Canadian farms are in a weaker position to meet short-term financial commitments.
2. Solvency – In 2015, total farm debt increased faster than total assets. As a result, the debt-to-asset ratio increased and points in a different direction than the past six years. Despite the small increase, the debt-to-asset ratio remains historically low at 15.5%, compared to the previous five-year average of 15.9% and the 10-year average of 16.5%.
3. Profitability – In 2015, record net income resulted in an increase in the profitability ratio (net income to total assets) to 2.3% from 2.0% in 2014. This is below the 3.9% return recorded in 2013. The five-year average is 2.7%. Canadian farms appear to achieve a slightly lower return on the value of their assets.

A cautiously optimistic outlook for Canadian agriculture

In 2015, farm cash receipts increased 2.7% to a record $59.4 billion due to strong crop receipts, according to Statistics Canada. Strong farm revenues resulted in net farm income reaching $6.8 billion, the third highest in history behind 2013 and 2008 net farm income levels. After achieving record farm cash receipts in 2015, Canadian agriculture is projected to stabilize over the next five years as growth in farm revenue slows, the appreciation of farmland and buildings moderates, and the farm debt market softens.

[2] Statistics Canada. Table 002-0009 - Net farm income, annual (dollars)

A rebuilding of world livestock (cattle and hogs) and grains and oilseeds supplies[3] has put downward pressure on commodity prices, softening farm cash receipt forecasts. However, the low value of the Canadian dollar will continue to support the competitiveness of Canadian agriculture that is dependent on exports. Producers will seek to cut costs and increase productivity to minimize the impact of softer commodity prices, potentially leading to strong agricultural output. Total farm cash receipts are projected to be stable over the five-year period, with average farm cash receipts expected to grow between 1.0 and 2.0% per year over the next five years compared to the average growth of 6.1% over the previous five years, 2011 to 2015[4].

Softening trend in farmland and building values

The combination of a low interest rate environment and stable farm revenue will continue to provide underlying support in farm asset values. Farmland and buildings represent the largest component of Canadian farm assets. Over the past five years, farmland and buildings values averaged growth of 10.8% per year. Growth in farmland and buildings values peaked in 2013 at 15.7%, and the upward trend has since slowed in 2014 and 2015 (10.5% and 9.0%)[5].

The trend of slowing appreciation in farmland and buildings is forecast to continue in Canada. Interest rates are expected to remain stable and slightly increase over the next five years and farm cash receipts are predicted to grow at a slower rate than the previous five-year period. Farmland and buildings values are expected to continue to grow in 2016 and 2017 and then remain steady, or potentially decline slightly, in 2018 through 2021.

Growth in the farm debt market expected to slow

Canadian farm debt is expected to start slowing in 2017 as the growth in farmland and buildings values softens. Many Canadian agricultural sectors evolve in a closely integrated North American marketplace. As such, a majority of farm equipment and inputs are priced in U.S. dollars. Many producers have been cautious about investment following the depreciation of the Canadian dollar, which raised the price of equipment. Total farm equipment sales were down 13.8% in 2015 as compared to 2014[6]. Farm equipment sales are forecast to decline by a further 7.1% in 2016 and begin recovering in 2017. The combination of a slowing farmland market and softer farm equipment sales is expected to slow the overall growth in Canadian farm debt outstanding. Farm debt outstanding is projected to average growth between 2.0 and 3.0% per year for the next five years as compared to growth of 6.9% over the previous five years[7]. The long-term (30 years) average in farm debt outstanding growth has been 4.9% per year.

Canadian agriculture expected to stabilize and farm financials expected to remain healthy

Overall, the Canadian economy is expected to remain stable. Economic growth is expected to remain muted, which will continue to support a low interest rate environment and stability in the Canadian dollar. After years of strong commodity prices, farm revenue is expected to moderate, the appreciation in asset values is expected to soften, and growth in farm debt is expected to slow.

Despite some headwinds on the horizon, the overall outlook for Canadian agriculture remains positive because of the growing demand for agricultural commodities.

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[3] USDA WADSE

[4] Statistics Canada. Table 002-0009 - Net farm income, annual (dollars)

[5] Statistics Canada. Table 002-0003 - Value per acre of farm land and buildings, at July 1, annual (dollars)

[6] FCC Ag Economics: Projecting 2016-17 Farm Receipts and Equipment Sales

[7] Statistics Canada. Table 002-0008 - Farm debt outstanding, classified by lender, annual (dollars)

4.1 2016-17 planned performance and expected results

4.1.1 Summary of results – 2016-17 corporate scorecard

The 2016-17 corporate scorecard summarizes the corporate measures, plan targets and projected results for the 2016-17 fiscal year (as of December 31, 2016).

Sustainable business success

Measures	2016-17 Plan	2016-17 Projected Results
Net income	$545.7 million	Ahead
Return on equity (ROE)	9.7%	Ahead
Capital adequacy measure	17.5%	On track
Percentage of customer count in small- and medium-sized segments	> 80%	Ahead
Young farmer lending	$2.45 billion	Ahead

Great customer relationships

Measures	2016-17 Plan	2016-17 Projected Results
Easy to do business CEI measure	62.5%	On track
FCC Learning post-event survey – attendees "likely to use information"	≥ 4	On track
Customer Experience Index (CEI)	62.0%	On track

Effective ERM

Measures	2016-17 Plan	2016-17 Projected Results
ERM maturity measure	>3.5	Results are not available until March 2017

Execution excellence

Measures	2016-17 Plan	2016-17 Projected Results
Efficiency ratio	38.3%	Ahead
Employee engagement - easy to do business	Greater than the average of the Platinum and Gold employers	On track

High-performance culture

Measures	2016-17 Plan	2016-17 Projected Results
Leadership index – subset of employee engagement survey data with respect to leadership indicators	Greater than the average of the Platinum and Gold employers	Ahead
Employee engagement	Greater than the average of the Platinum and Gold employers	On track
Employee experience – employee experience indicators	Greater than the average of the Platinum and Gold employers	Ahead
Diversity measure	Hire 16 new diversity candidates from the designated groups where FCC has gaps	On track

4.1.2 Operational and financial highlights

For the years ending March 31

Operational	2014	2015	2016
Loans receivable portfolio			
Number of loans	149,130	147,230	143,700
Loans receivable ($ millions)	26,205	27,309	28,656
Net portfolio growth (%)	4.3	4.2	4.9
Impaired loans as a percentage of loans receivable (%)	1.2	1.1	0.8
New lending			
Number of loans disbursed	46,288	47,178	46,796
Net disbursements ($ millions)	7,695	8,555	9,074
Average size of loans disbursed ($)	163,649	178,825	191,689

Financial Highlights	2014	2015	2016
Consolidated balance sheet ($ millions)			
Total assets	27,236	28,616	29,951
Total liabilities	23,070	23,761	24,597
Equity	4,166	4,855	5,354
Consolidated income statement ($ millions)			
Net interest income	886.0	933.1	986.5
Provision for credit losses	(47.6)	(281.4)	42.6
Other income	43.5	20.8	28.8
Administration expenses	352.9	328.7	352.4
Fair value adjustment	6.5	(2.7)	(4.8)
Net income	630.7	903.8	615.5

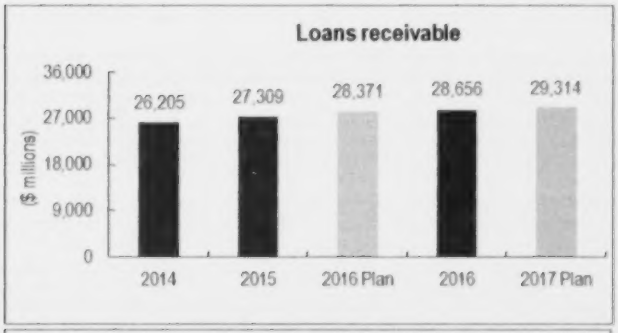
Key results

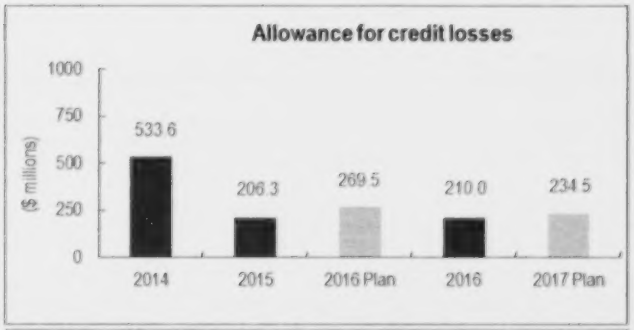
The global economy experienced slower growth in 2015-16, although demand for food remained strong as the global gross domestic product continued to rise. Overall, farm cash receipts remained strong and farm asset values continued to increase at a slower pace than in previous years.

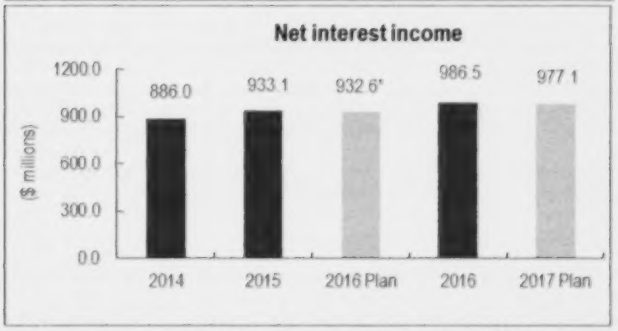
FCC continued to support agriculture by providing customers with flexible and customized financing solutions and other expertise. FCC's commitment to advancing the business of agriculture and supporting its customers through all economic cycles has ensured FCC remains relevant to the industry's needs.

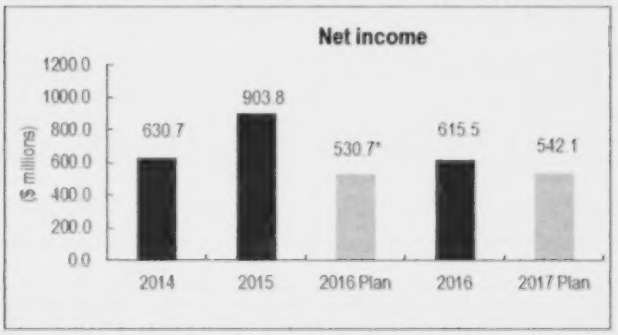
FCC continued to produce strong financial results in 2015-16. Growth in loans receivable was $1.3 billion, or 4.9%. The number of loans disbursed was 46,796 and the average size of loans disbursed was $191,689, resulting in net disbursements of $9.1 billion. Net interest income increased by $53.4 million and equity continues to grow with corporate earnings.

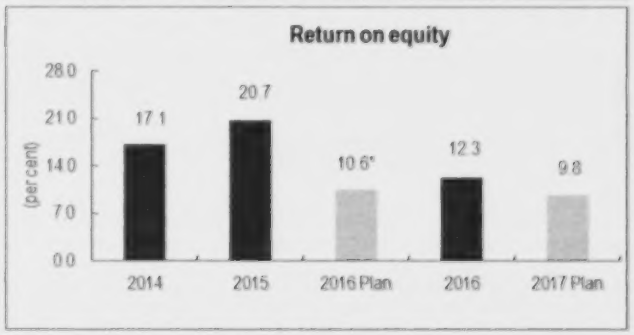
- In 2015-16, portfolio growth was above the plan by $285 million due to higher than expected net disbursements and represented growth of 4.9% over 2014-15.
- The allowance for credit losses was lower than the plan by $59.5 million, mainly due to improved portfolio health.
- Net interest income was $53.9 million higher than plan, increasing to $986.5 million mainly due to higher than plan loans receivable and net interest margin.
- The 2015-16 efficiency ratio of 35.2% was lower than plan due to higher than expected net interest income and lower than expected administration expenses.
- Net income was $84.8 million above plan, mainly due to lower than plan provision for credit losses, lower administration expenses and higher net interest income.
- Return on equity exceeded the plan mainly due to higher than plan net income.











* Restated due to prior period error for accounting for venture capital equity funds.

5.0 | Strategic themes, objectives and performance measures

5.1 Strategic planning process

FCC's strategic planning process engages FCC's Board of Directors, Enterprise Management Team (EMT) and Senior Leadership Team (SLT) to develop the corporation's business strategy.

The business strategy is used to develop divisional plans. All employees receive a high-level summary of the objectives, initiatives and measures, which are incorporated in the team and employee objectives used to evaluate performance annually.

The corporate plan is an output of the strategic planning process. It outlines how the corporation will achieve its vision, mission and value proposition.

Strategy development

FCC uses a modified balanced scorecard approach to develop strategic plans, monitor implementation and measure progress against the corporate strategy. The corporate scorecard balances attention on four perspectives: financial, customers, internal processes and efficiency, and learning.

At the start of the strategy process, FCC looks at the needs of customers, employees, stakeholders and the public. This information is analyzed to determine if there are new opportunities where FCC can focus to meet the needs of its stakeholders.

Following the needs assessment, FCC defines desired outcomes by examining FCC's vision, mission, values, cultural practices, strategic playing field, and the business operating environment review.

FCC strategic playing field, including FCC's portfolio vision, capital adequacy and agriculture economic review, directionally informs operating assumptions. These assumptions are vetted against strategic and operational enterprise risks to ensure all risks are accounted for in the strategy.

These assumptions are considered together to develop the desired critical outcomes for each of the strategic themes.

FCC uses a strategic asset model as a framework for evaluation. Strategic assets are the reasons customers choose FCC over its competitors. They cannot be easily duplicated and are critical to the corporation's long-term success. If strategic assets are not sustained or grown, corporate results may be jeopardized.

Based on the results of a strategic asset evaluation, the corporation determined that great customer relationships are the primary reason customers choose to do business with FCC. It was also determined that FCC's high-performance culture is foundational to great customer relationships, as illustrated in the corporate strategy map (section 5.3). Together, these two themes feed into the sustainable business success theme, contributing to the success of FCC and Canada's agriculture industry.

The corporate strategy map features two additional themes that support FCC's strategic assets: the effective enterprise risk management (ERM) theme protects the customer relationship, and the execution excellence theme is how FCC enables great customer relationships.

FCC establishes corporate measures and one to five-year plan targets to measure the objectives set out in the strategy. The current state is discussed based on a review of the operating environment as well as risks, strengths, weaknesses, opportunities and threats.

Corporate objectives and initiatives are developed to achieve those corporate measures and plan targets, followed by action plans that will be implemented and monitored through the corporate scorecard.

FCC uses an agile approach to executing on corporate initiatives. To make the best use of the time and effort spent delivering the desired results, FCC reviews progress and value on an ongoing basis. This frequent validation ensures the value delivered is meeting expectations. This iterative approach also allows flexibility in how FCC achieves a desired outcome while reducing rework that could result from redirected focus during project delivery.

5.2 Enterprise risk management (ERM)

FCC uses an ERM framework to ensure risks are adequately governed, identified, assessed, managed, monitored and reported in a holistic manner. Effective ERM enables FCC to achieve its strategic objectives and ensure sustainable business success.

Risk is inherent in FCC's business. The corporation is exposed to six main categories of risk: credit risk, liquidity risk, market risk, operational risk, reputation risk and strategic risk. Each category has distinct risks within it that are assessed for likelihood and impact using various tools. The overall assessment of risk is reflected in the amount of capital required using FCC's capital and allowance models. Each category is governed by a Board-approved policy to identify, assess, manage and monitor these risks in accordance with the policy, FCC's risk appetite, the *Farm Credit Canada Act* and, where applicable, the Finance Minister's Financial Risk Management Guidelines for Crown Corporations. In addition, FCC has an overall risk appetite statement and an ERM policy and framework based on this risk appetite that set the corporation's boundaries for risk taking, risk acceptance and risk avoidance.

FCC's ERM framework follows a three lines of defence model to govern risk related to key business processes. Policies outline risk-taking and risk-management functions and then cascade risk management authorities to various operational units congruent with the authorities of the President and CEO, Chief Risk Officer (CRO) and Vice-President, Internal Audit. The authorities maintain three distinct and independent lines of defence.

The first line of defence develops and executes FCC's business strategy. This includes the ability to make loans, fund the portfolio, develop products and pursue markets and other risk-taking decisions.

The second line of defence effectively challenges risk-taking decisions of the first line, while enabling great customer relationships. It is responsible for independently developing policy and process to identify, assess and monitor risks. An independent view of risk is provided to the Board by the second line.

The third line of defence provides independent and objective assurance to the Board that FCC appropriately takes and manages risk within the risk appetite statement. At FCC, the Internal Audit function represents the third line of defence.

Governance
The Board has ultimate accountability for overseeing FCC's ERM framework to ensure the corporation's risk management is integrated with its strategic, financial and operating plans.

FCC's risk governance structure

Annually, the Board reviews and approves a risk appetite statement that establishes the amount of risk the corporation is willing to take, accept and avoid. The risk appetite statement, which is grounded in FCC's strategy, is summarized as follows:

- FCC takes risks it understands and that are good for customers, Canadian agriculture and FCC.
- FCC accepts the risk of a long-term view in order to remain a steady presence for Canadian agriculture.
- FCC avoids risks that jeopardize the corporation and its ability to strengthen and sustain Canadian agriculture.

In addition to the annual review and approval of the risk appetite statement, the Board reviews and approves risk policies that govern the six major categories of risk to which FCC is exposed, as well as FCC's over-arching enterprise risk policy. The Board monitors policy through a quarterly risk report that reports results against the risk appetite and limits contained in the risk policies. Any policy exceptions or breaches are reported to the ERM Committee and the Board.

The CRO leads an independent risk division and ensures that FCC's risk management function is adequately resourced. The CRO is independent of operational management and reports directly to the Board's Risk Committee. The CRO is responsible for oversight of risk across FCC, identifying, measuring, monitoring and reporting on the risks, and independently reporting to the Board and Risk Committee as to whether FCC is within its risk appetite and/or policy limits. The CRO works with business functions to design and implement action plans in the event of policy breaches and ensures applicable business functions provide accurate and objective risk reports. The ERM Committee serves in an advisory capacity to the CRO.

Risks

FCC has six main categories of risks that are organized under four headings: strategic, financial, operational and reputation.

Strategic risk refers to risks related to the external environment, including social, economic, environmental, technological and political factors and risks. It includes competitors and the corporation's ability to develop, implement and execute effective business strategies.

EMT develops the corporate strategy annually and documents FCC's key strategic priorities in the five-year corporate plan. The Board provides oversight. The external environment, including the Canadian financial marketplace and the agriculture industry, is monitored to discern if

strategic changes are required to address emerging risks. FCC regularly communicates with its shareholder, the Government of Canada, to ensure the corporation's activities align with government priorities.

FCC has developed strategic risk tolerance statements and policy limits are set annually to correspond to the tolerance statements.

- Role of FCC: We engage in activities aligned with the FCC Act and other legislative requirements, federal government policy and operational directives. Our primary focus is on small- and medium-sized participants in the industry.
- Market share: We assess the market for growth, recognizing industry and economic cycles. We maintain a market share that encourages a healthy level of competition. We are a fair competitor.
- Industry trust: We execute FCC's mandate and apply practices consistent with Canadian financial institution requirements for risk management.
- Customer relationships: We focus on great customer relationships and provide an excellent customer experience, balancing customer interests, the responsible management of FCC and what is best for the industry.
- Execution excellence: We invest in effective delivery of services and balance operational efficiency with managing risk.
- Culture: We have engaged employees, enabled by our culture of 100% accountability and partnership, managing relationships with customers and demonstrating diligence with respect to risk.
- Stakeholder value: We are a catalyst for the agriculture and financial services industries, working together to make Canadian agriculture stronger.

Potential strategic risks are identified and analyzed through external scanning, consultation with internal subject matter experts and other means. Strategic risks are ranked by consequence and this rank determines the level of risk treatment required.

Financial risks include FCC's risk categories of credit, market, and liquidity risks. FCC has developed risk tolerance statements applicable to financial risks, including:

- Total capital ratio: We maintain a safe and sound capital position to withstand economic downturn and periods of extended loss.
- Financial strength: We target a net income that allows FCC to be self-sustaining: funding growth while securing long-run stability.
- Loan loss: We manage our loan portfolio to minimize large write-offs and avoid material, sustained losses.
- Portfolio concentration: We diversify our portfolio across all sectors of agriculture, agribusiness and agri-food and Canada. We manage concentration through the use of limits.
- Connection exposure: We do not expose FCC to a customer connection exposure that could result in major loss.

Annual policy limits are set to correspond to tolerance statements and maintained.

- **Credit risk** is the potential for financial loss due to the failure of a borrower or other counterparty to repay a loan or meet financial obligations to the corporation. Credit risk on loan/lease receivables is the most significant risk that the corporation faces, although credit risk also exists in investments and derivative financial instruments.

  With FCC's knowledge of agriculture, FCC assesses the impact and likelihood of credit risk at the loan and portfolio levels. Such assessments not only consider credit risk management best practices for financial institutions, but also use sophisticated statistical methods to assess the probability of loan defaults as well as the financial impact of such defaults. The entire credit portfolio is assessed monthly, and reports pertaining to the portfolio's health are reviewed by the ERM Committee and the Board Risk Committee.

Oversight responsibility for credit risk lies with the Board. The ERM Committee, Asset Liability Committee (ALCO), Credit Committee, Credit Policy Committee and several divisions and units perform various functions at different levels to efficiently manage credit risk within FCC's credit risk management framework.

The credit risk assessment process begins at the line management level and ends at the Credit Committee (senior management level). FCC employs a two-dimensional credit assessment process. Assessment is carried out for the entire credit portfolio on a transactional and portfolio basis. At FCC, credit assessment is an ongoing process.

Assessment tools and models are in place to quantify risks, establish the required allowance for loan and lease losses, and monitor capital adequacy. FCC also closely monitors the agriculture and agri-food operating environments to ensure the corporation's lending policies, activities and practices are appropriate and account for risk and opportunity in the marketplace.

FCC is also exposed to credit risk through its investing activities. All investing activities are consistent with the Minister of Finance's Financial Risk Management Guidelines for Crown Corporations, governed by Board-approved policies and monitored by the ERM Committee and the Board. Further details on how FCC manages its borrowings are included in section 9.

FCC has defined credit policy limits for transactional risk management, concentration risk and portfolio management, and investment limits for short and long-term liquidity investments and counterparty credit risk for derivatives.

- **Liquidity risk** is the risk that FCC will have insufficient funds to meet its payment obligations as they come due. The corporation minimizes liquidity risk through the use of a liquid investment portfolio, funding through the Crown Borrowing Framework and access to an operating line of credit. FCC assesses this risk, understanding it can have a potentially high impact. Due to this three-tiered approach and readily available source of funds, the likelihood remains low, resulting in negligible risk. Therefore, this risk is not reflected in the capital requirements. FCC's Treasury division is responsible for managing liquidity risks. Policy limits have been established for market and funding liquidity.

- **Market risk** is a potential for loss due to adverse changes in underlying market factors such as interest rates and foreign exchange rates. FCC assesses this risk using sophisticated methodology that applies financial market theory to assess the risks of market events such as interest rate movements on FCC and the impact of those movements. These assessments are based on FCC's liabilities and its assets (loans) and the risk is reflected in the capital requirements. FCC's Treasury division is responsible for market risk management.

  Policy limits have been established for net interest income variability, decline in market value of portfolio equity, commitment risk exposure and foreign currency risk exposure.

Operational risk relates to the potential of direct and/or indirect loss due to inadequate or failed internal processes, resources, systems and/or external events, and failure to comply with or adapt to legislative or regulatory requirements or litigation.

The main sources of operational risk are people, processes and systems. Each operational risk category has risk tolerance statements developed to guide managers in the setting of controls. At FCC, managers are responsible for ensuring appropriate policies and processes are in place within their business units to manage risks, and

internal controls are operating effectively. Risk and control assessments identify and assess key risks to ensure appropriate controls are in place or gaps are closed. Key controls are monitored on a regular basis to determine their effectiveness.

FCC has a formal program to measure and monitor operational compliance to policies for credit, market and liquidity risk. Compliance reporting provides recommendations to address non-compliance, including employee coaching, policy clarifications or additional controls.

In addition, FCC's operations audit program examines lending activities and provides learning opportunities for continual improvement in the areas of risk assessment and mitigation, compliance to credit policies and data integrity.

Incidents of fraud may negatively affect customer and public perceptions of FCC, making current and potential customers less willing to do business with the corporation. FCC reduces exposure to fraud risk by delivering fraud awareness training to employees and having a policy and process in place regarding customer identification.

To ensure the corporation can sustain operations in the event of a business disruption, FCC actively updates and tests its business continuity plan.

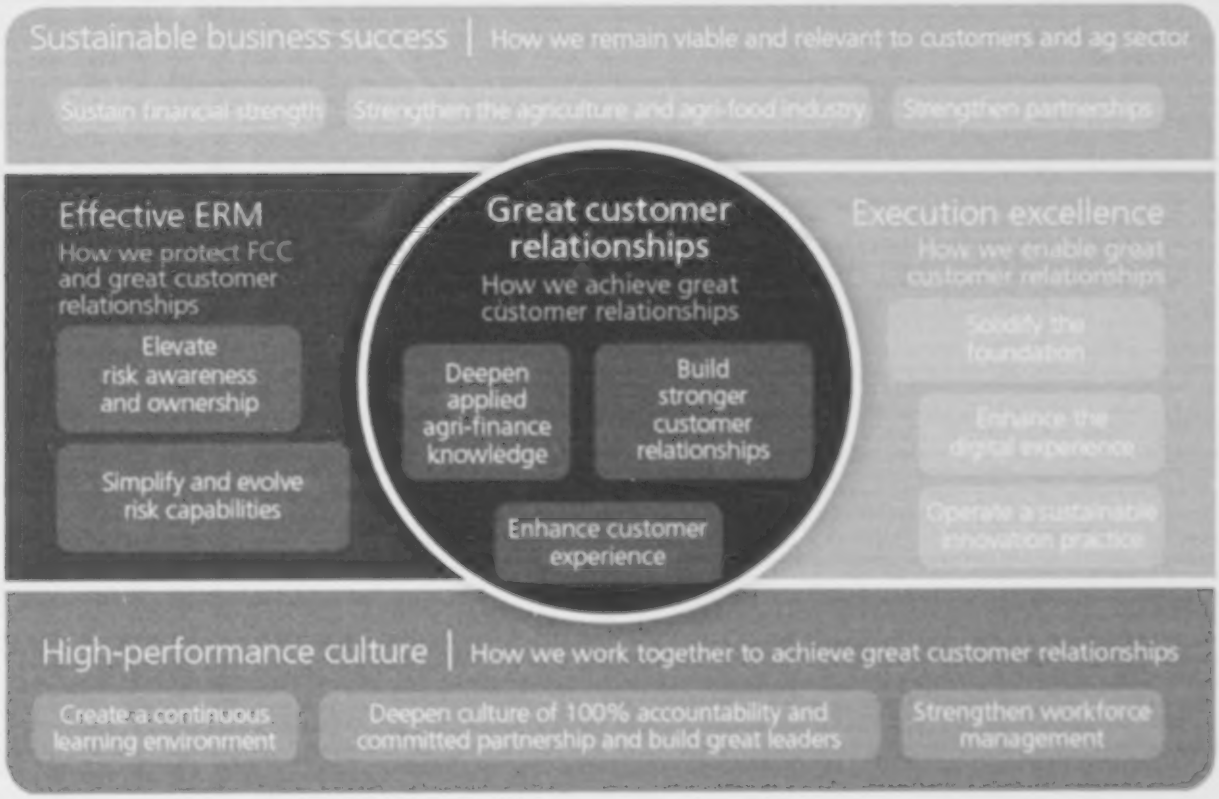
Enterprise security is addressed through a cross-divisional security co-ordination team that provides security controls to protect the availability, confidentiality and integrity of FCC assets.

Reputation risk is the risk that key stakeholders and other members of the public develop negative perceptions about FCC that could adversely affect the corporation's reputation and its ability to attract and retain customers, business partners and employees.

As a federal Crown corporation, FCC is accountable to all Canadians. To avoid real or perceived reputational damage, FCC has a sound governance structure, including policies and processes to guide employee conduct in interactions with colleagues, customers, industry partners, suppliers, media and the general public.

Any risk event that exceeds FCC's risk appetite is assessed in accordance with the reputation policy. The policy provides assessment criteria for industry relations, public profile and government relations.

5.3 Corporate strategy map


Sustainable business success | How we remain viable and relevant to customers and ag sector
Sustain financial strength
Strengthen the agriculture and agri-food industry
Strengthen partnerships
Effective ERM
How we protect FCC and great customer relationships
Elevate risk awareness and ownership
Simplify and evolve risk capabilities
Great customer relationships
How we achieve great customer relationships
Deepen applied agri-finance knowledge
Build stronger customer relationships
Enhance customer experience
Execution excellence
How we enable great customer relationships
Solidify the foundation
Enhance the digital experience
Operate a sustainable innovation practice
High-performance culture | How we work together to achieve great customer relationships
Create a continuous learning environment
Deepen culture of 100% accountability and committed partnership and build great leaders
Strengthen workforce management

5.3.1 Sustainable business success

Sustainable business success - How we remain viable and relevant to customers and the ag sector						
Strategic objective	Measures	2017-18 plan	2018-19 plan	2019-20 plan	2020-21 plan	2021-22 plan
Sustain financial strength	Net income	$570.5 M	$566.1 M	$577.7 M	$582.4 M	$619.6 M
	Return on equity	10.2%	9.6%	9.4%	9.2%	9.4%
	Total capital ratio	16.3%	16.5%	16.5%	16.5%	16.6%
	Efficiency ratio	38.7%	39.3%	40.0%	40.5%	40.6%
	Enhance loan pricing structure and governance					
Strengthen the agriculture and agri-food industry	Young farmer lending	$2.89 B	$3.09 B	$3.21 B	$3.34 B	$3.48 B
	Percentage of customer count in small- and medium-sized segments	Greater than 80%	Greater than 80%	Greater than 80%	Greater than 80%	Greater than 80%
	Investigate internal environmental baseline measure	TBD	TBD	TBD	TBD	TBD
	Advance FCC's environmental sustainability and that of our customers					
	Support agriculture producers with new products and services					
	Expand customer reach within the agribusiness and agri-food sector					
	Build a positive perception of the agriculture industry					
Strengthen partnerships	**Continue to advance stakeholder relationships**					

The critical outcome that FCC is striving to achieve for this theme is:

In 2025, FCC is Canada's leading agriculture and agri-food lender. Recognized as a catalyst for the industry, FCC is respected and supported by stakeholders who understand the unique value that FCC brings to the market. The corporation has the financial strength to serve the agriculture industry through all economic cycles, focusing on small- and medium-sized primary producers and agri-businesses.

FCC is committed to remaining financially self-sustaining in the long term, while investing significantly in the agriculture industry and forging valuable partnerships. The corporation will continue safeguarding its reputation and strong financial position while considering shareholder expectations so it can maintain its ability to serve the industry through all economic cycles.

FCC will achieve its critical outcomes for this theme through the following five-year strategic objectives:

- Sustain financial strength
- Strengthen the agriculture and agri-food industry
- Strengthen partnerships

Sustain financial strength

FCC must ensure its financial and risk management practices are appropriate and effective, addressing uncertainties in the business environment and keeping pace with best practices in the financial services industry. After the farm crisis of the 1980s, FCC committed to operate as a financially self-sustaining federal Crown corporation. FCC has been profitable for 23 years, which has allowed the corporation to fund its growth and create adequate capital reserves to backstop potential losses that may arise from the inherent risks in the business, while paying an annual dividend to its shareholder, the Government of Canada. FCC's commitment and approach is

well aligned with the new Capital and Dividend Policy Framework for Financial Crown Corporations recently developed by the Department of Finance (discussed in section 2.2).

FCC's strong financial position enables it to create innovative products and services that meet the needs of the agriculture industry, ensuring producers and agribusiness operators have choices in the marketplace.

One initiative has been identified to advance this objective:

- Enhance loan pricing structure and governance

FCC uses four measures to track progress on this objective:

- Net income
- Return on equity
- Total capital ratio
- Efficiency ratio

Enhance loan pricing structure and governance

Pricing is a fundamental element in FCC's financial success and competitiveness in the marketplace. Work in 2015-16 to assess the current state of pricing systems and processes continued in 2016-17 with the Enhance Loan Pricing Structure and Governance initiative. This initiative is focused on enhancing and formalizing FCC's internal systems and processes related to loan pricing.

A comprehensive pricing framework will be developed to enhance clarity and understanding of each pricing component – funding, operating costs, credit risk and capital usage. The pricing framework will establish a governance structure over pricing to support the achievement of corporate strategies, financial targets and the long-term sustainability of the corporation. System development to enhance the ability to track and report details within each price component will continue into 2017-18.

Strengthen the agriculture and agri-food industry

FCC strengthens the agriculture and agri-food industry by providing specialized and personalized business and financial services, supporting growth in Canada's processing and manufacturing sector, demonstrating commitment to the industry over the long term, enhancing the perceptions of agriculture, and being an active champion of sustainability and social responsibility.

Primary production is FCC's core business and represents 86.5% of the loan portfolio. The remaining 13.5% represents loans to agribusiness and agri-food customers who directly support producers. Although FCC serves operations of all sizes, its focus will continue to be on small- to medium-sized producers.

As a Crown corporation, FCC plays an important role in filling financing gaps for Canadian producers, agribusiness and agri-food operators. The agriculture industry is often affected by volatility in commodity prices, adverse weather conditions, livestock and crop diseases, and trade implications. FCC takes a long-term view and remains committed to customers and the industry in difficult times by providing steady access to capital. For example, during the financial crisis in 2008, when many financial institutions withdrew from agriculture lending, FCC continued to grow and expand its portfolio.

FCC plays an important role in the marketplace, benefiting producers, the agriculture industry, rural Canada and all Canadians. Its long-term commitment provides customers with the confidence they need to grow and take advantage of opportunities in their businesses.

As part of this commitment, FCC recognizes the need to ensure customers have knowledge and products to support innovative and sustainable practices within their operations.

FCC recognizes that young farmers and operators are important to the future of the agriculture, agribusiness and agri-food industry in Canada. The corporation understands the challenges new entrants face and offers support to help the new generation of producers and operators succeed. Recognizing that interest and enthusiasm for agriculture starts early, FCC supports young farmers and operators at every stage of their careers with financing and learning opportunities. Together, FCC and the next generation of producers and operators are creating a solid future for the industry.

The story of Canadian agriculture is one of success, promise, challenge and determination. FCC plays an important role in ensuring all Canadians understand agriculture and its important contribution to the economy, communities and individuals. It takes significant effort and long-term commitment to change perceptions. FCC, in partnership with the industry, is providing leadership in promoting positive messages in the industry and beyond.

Two risks have been identified that may impact the Strengthen the Agriculture and Agri-food Industry objective. The first is that FCC cannot adapt its product offering fast enough to meet the needs of producers when it comes to changes in operation ownership structures and succession planning. The second risk is that agriculture is unable to adapt in a timely fashion to changing social, environmental, technological and animal welfare expectations and will be negatively perceived by stakeholders, consumers and/or government.

Four initiatives have been identified to advance this objective and mitigate the risks:

- Advance FCC's environmental sustainability and that of our customers
- Support agriculture producers with new products and services
- Expand customer reach within the agribusiness and agri-food sector
- Build a positive perception of the agriculture industry

FCC uses currently uses two measures to track progress on this objective:

- Young farmer lending
- Percentage of customer count in small- and medium-sized segments

The young farmer lending measure captures net disbursements to young farmers in primary production and Alliances loan products (excluding Agribusiness and Agri-Food lending). Young farmers are defined as customers under 40 who are primary borrowers, co-borrowers or guarantors for personal and corporate loans.

The percentage of customer count in small- and medium-sized segments, defined as operations with revenues under $1 million, is calculated by counting the number of primary producers in small- and medium-sized segments in comparison to the total number of primary producers.

A measure relating to investigating an internal environmental baseline measure will be developed in 2017-18.

Advance FCC's environmental sustainability and that of our customers

FCC believes that to advance the agriculture industry and have a positive impact on Canada, it must operate in a socially and environmentally responsible manner. With the rising threat of climate change and its impact on agriculture, FCC has actively taken steps to reduce greenhouse gas emissions from its office locations and travel sources. FCC will build on this foundation by identifying and implementing opportunities to further lower emissions internally while focusing on identifying sustainable opportunities for customers. In 2017-18, FCC will investigate opportunities to share its breadth of knowledge and investigate products and/or tools for customers to support innovation and sustainable agriculture practices.

Support agriculture producers with new products and services

Primary producers are central to FCC's business strategy. They account for more than 80% of FCC's lending portfolio and are needed to feed Canada and a growing population. To ensure primary producers continue to be successful, FCC will investigate opportunities to provide enhanced support to help them navigate succession planning conversations and activities smoothly.

FCC will also begin to investigate opportunities to streamline its product offerings for customers, providing an effective, tailored suite of products to meet their expanding needs.

Expand customer reach within the agribusiness and agri-food sector

While primary production is the foundation of FCC's business, FCC recognizes the importance the agribusiness and agri-food sector has on Canada's agriculture industry. A healthy value chain provides producers with stable purchasing and selling options. Building off the enhancements made in 2016-17 to expand eligibility criteria and evolve offerings to serve more agribusiness and agri-food customers, FCC will implement a new loan product to help attract the next generation of agribusiness and agri-food customers. This young entrepreneur loan will offer features tailored to the specifics needs of new entrants to the industry and will be designed to support long-term, successful operations.

Build a positive perception of the agriculture industry

Being the largest agriculture lender in Canada, FCC has a role to play in building a positive perception of agriculture to support the long-term viability of the industry and enhance public trust in food and how it is processed.

Launching in 2017, Canada's Agriculture Day will bring together government, individuals and groups in the agriculture industry along with the public to celebrate the business of agriculture and engage in positive dialogue about where food comes from. This industry-led event will mobilize partners, individuals and groups across the country to continue sharing their pride and having conversations about food through events and/or initiatives throughout 2017-18.

FCC also promotes agriculture through Agriculture More Than Ever (AMTE), an industry cause to improve perceptions of agriculture in Canada. The intent is to stimulate positive discussion about Canadian agriculture with industry stakeholders, producers and the public. Through a positive image, the industry can attract more entrants, create investment opportunities and support innovation – all of which are necessary to feed a growing world population.

AMTE shares resources, information and facts to make it easy for producers and everyone involved in or interested in Canadian agriculture to share their story. AMTE creates industry champions, known as agvocates, who share positive stories and information about Canadian agriculture. AMTE's industry partners are widespread and include businesses, industry associations, agricultural trade shows, and media organizations.

AMTE will continue to focus on mobilizing partners and agvocates to be the face and voice for the cause to build trust with consumers about the food they eat and the people who produce it. To do so, AMTE will strengthen strategic relationships with key agriculture partners and create and share a balanced perspective of agriculture through tools, resources, training and information to support producers and the industry in their agvocacy efforts.

Strengthen partnerships

FCC serves a unique role in Canadian agricultural lending. As a catalyst for connecting industry experts, sharing knowledge and identifying trends in Canadian agriculture, FCC strengthens relationships with stakeholders and increases support for the agriculture industry through strong private sector and commercial Crown financial partnerships.

FCC works in partnership with industry associations and government to understand the unique challenges and opportunities in the industry. This allows FCC to better serve the needs of these associations, their members, customers, communities and, ultimately, Canadian agriculture.

Currently, there is no measure to track this objective.

One initiative will be pursued to advance this objective:

- Continue to advance stakeholder relationships

Continue to advance stakeholder relationships

FCC takes a consistent, coordinated and strategic approach to stakeholder management. In 2017-18, FCC will review its existing stakeholder relationship efforts and enhance its existing relationships with key stakeholders. To do this, FCC will develop a strategy to identify stakeholders, analyze the existing state of relationships, identify and implement an engagement plan and seek feedback from stakeholders. Internal relationship owners will have formal accountabilities to continue deliberate active engagement and open communication to meet and exceed the expectations of key stakeholders.

FCC maintains a positive relationship with its shareholder, the Government of Canada and actively responds to opportunities and risks to support the Government of Canada's priorities.

FCC also works with financial institutions and credit unions to explore collaboration and syndicated financing opportunities to strengthen the industry.

To best serve agriculture, FCC is enhancing its presence in industry associations to share knowledge, participate and support initiatives and contribute to a growing and vibrant industry, including speaking at key industry events.

FCC has many stakeholders who are necessary to the success of the corporation and the industry.

These stakeholders include, but are not limited to:

- customers and prospects
- industry associations, including producer and sector groups, youth organizations, agribusiness and agri-food associations
- federal government, including Agriculture and Agri-food Canada, Department of Finance, Privy Council Office and Treasury Board Secretariat
- Parliamentarians
- Provincial governments
- Financial institutions and partners, including credit unions, Canadian banks, EDC and BDC
- media organizations
- rural communities and other areas where FCC has a presence
- non-profit organizations

5.3.2 Great customer relationships

Great customer relationships - How we achieve great customer relationships						
Strategic objective	Measures	2017-18 plan	2018-19 plan	2019-20 plan	2020-21 plan	2021-22 plan
Build stronger customer relationships	CEI*	62.0%	62.5%	63.0%	63.5%	64.0%
	Enable employees to build great customer relationships					
	Implement the newly defined FCC customer experience principles					
Enhance customer experience	Easy to do business – CEI measure*	62.5%	63.0%	63.5%	64.0%	64.5%
	Improve processes so customers can transact with ease					
	Offer digital solutions to facilitate customer and partner interactions					
Deepen applied agri-finance knowledge	FCC Learning post-event survey – attendees 'likely to use information'	Greater than or equal to 4.0	Greater than or equal to 4.0	Greater than or equal to 4.0	Greater than or equal to 4.0	Greater than or equal to 4.0
	Provide knowledge to advance customers' management capabilities					
	Advance employee knowledge about topics related to agri-finance					

*The CEI measure is being redesigned, so these targets are subject to change.

The critical outcome that FCC is striving to achieve for this theme is:

In 2025, strong customer relationships are central to FCC's success. The corporation's unmatched knowledge of agriculture and agri-food, and finance continues to be foundational to building great customer relationships. Partnering with FCC is easy – employees know their customers and are able to offer innovative and flexible solutions to unique business challenges over the long term.

FCC has defined great customer relationships as its key differentiator, supported by effective enterprise risk management, execution excellence and a high-performance culture. Through great customer relationships, FCC will strengthen and grow its customer base and ensure its business success is sustainable.

To achieve great customer relationships and continue to grow, employees must provide a level of service unmatched by competitors. This level of commitment to customers is embedded into employee behaviours through customer experience principles. These principles create a consistent, intentional experience for all customers and help customers feel that FCC's primary focus is on building or enhancing its relationships with customers by being knowledgeable about agriculture and finance, making transactions with FCC easy and convenient, and by being committed over the long term to the industry and the communities where its customers live and work.

FCC is improving its service delivery and offering new solutions to enhance how customers interact with FCC. It will focus on ensuring lending processes are efficient, integrated and consistent, allowing FCC to effectively manage risk while providing all customers with an extraordinary experience.

FCC will achieve its critical outcome for this theme through the following five-year strategic objectives:

- Build stronger customer relationships
- Enhance customer experience
- Deepen applied agri-finance knowledge

Build stronger customer relationships

FCC's approach to customer relationship management is proactive, innovative and highly disciplined. Continual learning helps front-line employees strengthen their relationships with customers and provide an extraordinary

customer experience based on their current and potential financing needs.

As a result of research conducted in 2016-17 to evaluate FCC's customer experience, the corporation has identified a risk that FCC's customer value proposition may diminish as customers' and partners' wants and preferences change.

Two initiatives have been identified to advance this objective and mitigate the risks:

- Enable employees to build great customer relationships
- Implement the newly defined FCC customer experience principles

Progress on this objective will be tracked through the Customer Experience Index (CEI). Each survey measures satisfaction, loyalty, ease of doing business and service resolution. Customer feedback gathered through the CEI is analyzed so concerns can be addressed and the customer experience can continually improve. More than 60% of the national customer responses to the questions that make up the CEI receive a five out of five score when customers rate their experiences with the corporation. FCC focuses on improving its level of customer experience by continually coaching its employees and providing tools and processes to help them to improve based on local CEI scores.

FCC will be investigating a new customer experience measure in 2017-18 and beyond to accurately gauge progress on the enhanced customer experience and supporting principles.

Enable employees to build great customer relationships

FCC has built a strong relationship management program to ensure customers are provided with a consistent and exceptional experience at every encounter.

Given the renewed focus on enhancing the customer experience, FCC will redefine how employees learn, work and interact with customers. Employees who are responsible for building and maintaining customer relationships will be empowered to seek out and deliver high-quality, tailored service and knowledge to their customers. Teams within FCC will support this process through redistribution of priority work best suited to their capabilities. All new processes will be supported by training designed to increase employees' ability to deliver these strong customer relationships.

Implement the newly defined FCC customer experience principles

In 2016-17, a new set of customer experience principles were developed that outline the behaviours, knowledge and process expectations necessary to achieve great customer relationships.

The customer experience principles are designed to evoke three overall sentiments from customers following an interaction with FCC:

- FCC makes my life easier
- FCC is in my corner
- FCC isn't going anywhere

These statements articulate how FCC wants customers to feel when they do business with FCC and are foundational in delivering a great customer experience.

In 2017-18, the principles will be embedded throughout the organization and within employee accountabilities to support not only the enhanced relationship management program, but also the ability of all employees throughout FCC to operate with a customer-focused mindset. They will be considered in the development of all strategies and initiatives.

Enhance customer experience

FCC customers are knowledgeable business professionals who manage multiple priorities every day. When it comes to their interactions with FCC, they are looking for smooth, efficient and effective service.

Customers have more options than ever before and competition is increasing. As competing financial institutions invest in digital platforms,

there is a risk that FCC will not invest at a level that would meet changing customer expectations, leaving customers to obtain financing from competitors with new technological platforms that redefine customer experience.

Two initiatives have been identified to advance this objective and mitigate the risks:

- Improve processes so customers can transact with ease
- Offer digital solutions to facilitate customer and partner interactions

To track progress on this objective, FCC will use the easy–to-do-business subset of the CEI, which measures how easy it is for customers to do business with FCC.

In 2017-18, FCC will continue to focus on its core primary production customers and further develop lending to manage the increasing complexity, risk and evolving needs of its agribusiness and agri-food customers and Alliance partners.

Improve processes so customers can transact with ease

To meet and exceed the evolving expectations of customers, FCC is improving its internal processes so customers will have a smooth and consistent experience. In 2017-18, FCC will enhance the disbursement process to make the overall process more streamlined and efficient for employees and customers.

New functionality will allow employees to access in-the-moment, consolidated information to provide customized advice and tailored knowledge. Customers will also be given the choice of different delivery channels for correspondence.

The improved accuracy and availability of customer information will allow employees to more rapidly detect gaps in service and resolve issues.

Customers will benefit from interacting with a consistent local team who knows their unique situation and can offer advice and knowledge to advance their businesses.

Offer digital solutions to facilitate customer and partner interactions

FCC will implement a new digital offering of tools and solutions to provide options for how customers can interact with FCC. In 2017-18, customers will be offered a redesigned online services experience with a mobile app to allow them to access account information from anywhere, at any time. Customers will have the ability to manage their accounts on the go.

New options for customers in 2017-18 will include the ability to make payments online or through the mobile app as well as digitally sign documents. And, customers will have the ability to view the availability of their Relationship Managers and support teams, allowing them to contact FCC at their convenience.

Alliance partners and their customers will also see improvements in how they interact with FCC. Online approval channels, which offer both speed and transparency, will be made available in 2017-18.

Deepen applied agri-finance knowledge

FCC prides itself on its knowledgeable agriculture-lending team, which is responsive, solution-focused, understands agricultural risk and applies its knowledge every day to serve customers. Customers value FCC's knowledge, expertise and speed of service. They trust FCC and value the relationship it builds with them.

Today's producers and agribusiness operators are experts in their respective industries. They must also deal with complex financial management, human resource issues, partnerships, diversification and international markets. As producers and agribusiness operators continue to become more sophisticated in their operations and knowledge of agriculture, FCC must enhance its offering of leading

business management practices and economic insights.

FCC has identified a risk that employees may be challenged to keep pace with the increasingly sophisticated knowledge and practices of their professions or roles.

FCC must ensure its employees stay current with their technical skills and competencies required to meet the changing knowledge needs of its customers. FCC hires employees with agriculture and/or financial backgrounds who are committed to making a difference to the industry.

In addition to the above activities, FCC will also complete the following two initiatives to further this objective and mitigate the risk:

- Provide knowledge to advance customers' management capabilities
- Advance employee knowledge about topics related to agri-finance

To track progress on this objective, FCC will use the results from post-event surveys. As part of the survey, attendees are asked if they are likely to use information from the event in their farming operation. Respondents pick an answer on a one to five scale, with five being very likely. FCC's target is to have the average score be four or higher.

Provide knowledge to advance customers' management capabilities

FCC researches and develops unique tools to help customers, stakeholders and the industry anticipate and understand changes in agriculture. FCC also supplements employee knowledge with publications for producers and agribusiness and agri-food operators. In 2017-18, FCC will continue to offer management workshops, learning forums and multi-media resources to ensure producers of all ages can access the training and information needed to succeed in the future.

FCC will continue to fill knowledge gaps by producing leading-edge publications, videos, podcasts, blog posts and webinars.

FCC will be enhancing its farm management software capabilities to better meet the needs of producers. The software platform will be migrated over time to the cloud, allowing customers access to their operational data anytime, anywhere, and from any device. Work will begin in 2017-18 on migrating Field Manager PRO to the cloud and enhancing its user interface to allow producers to more easily manage record-keeping activities on their operations.

Advance employee knowledge about topics related to agri-finance

FCCs knowledge offering is one of the key differentiators for customers. It reinforces FCC's unique position in the marketplace and positively impacts the customer experience.

To ensure employees are equipped with current and valuable knowledge and tools to help customers make sound business decisions, FCC is enhancing the way it organizes and shares information with employees. A new FCC intranet, launched in 2016-17, is one of the foundational elements to how employees gain knowledge and will connect employees with internal industry experts. New functionality is included to equip employees with knowledge that is easy to absorb and share with customers.

Also, a new employee learning strategy will be defined and implemented in 2017-18 that will support employees on their journey to enhance the knowledge necessary to provide value to customers.

5.3.3 Execution excellence

Execution excellence - How we enable great customer relationships						
Strategic objective	Measures	2017-18 plan	2018-19 plan	2019-20 plan	2020-21 plan	2021-22 plan
Solidify the foundation	Easy to do business index: A subset of the employee engagement score	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers
	Data quality measurement in development	TBD	TBD	TBD	TBD	TBD
	Improve integrity and productivity in FCC's key processes					
	Enhance FCC's digital infrastructure necessary for the future					
Enhance the digital experience	**Increase employee enablement**					
Operate a sustainable innovation practice	Investigating new measures	TBD	TBD	TBD	TBD	TBD
	Mature a sustainable innovation practice					

The critical outcome that FCC is striving to achieve for this theme is:

In 2025, FCC anticipates customer needs and exceeds expectations through agile and innovative solutions, processes and systems. FCC is a digital organization and internal systems are optimized and employees have the tools and knowledge to do their jobs.

FCC is committed to high performance, accountability and efficiency to achieve execution excellence. FCC understands that continually improving and streamlining corporate processes and functions will enhance corporate agility and support execution excellence. FCC is working to simplify how it does business to make it easy for employees and provide a better customer experience.

In recent years, FCC has made significant progress and it will continue to search for new opportunities as the demands on the corporation change. To achieve the critical outcome for the theme, FCC will pursue the following five-year strategic objectives:

- Solidify the foundation
- Enhance the digital experience
- Operate a sustainable innovation practice

Solidify the foundation

To deliver great customer relationships, employees must have a strong foundation from a technology, systems and processes standpoint.

Technology and processes are essential to every business, and can be key elements that determine whether or not a business is successful. FCC has identified three risks that may impact the Solidify the Foundation objective. The first is the inability to adapt to a changing internal or external environment and respond to opportunities or threats due to infrastructure or processes that are unadaptable. The second is that data accessibility and integrity challenges may hinder effective decision-making and the enablement of the customer strategy. The third risk is that the technology infrastructure becomes outdated due to a changing business environment.

Two initiatives have been identified to achieve this objective and address these risks:

- Improve integrity and productivity in FCC's key processes
- Enhance FCC's digital infrastructure necessary for the future

One measure has been identified to track progress on this objective.

This measure is the easy to do business index. Five drivers from the annual Aon Hewitt employee engagement survey – co-workers, physical work environment, resources, work processes and work tasks – are used to measure how easy it is for employees to do business at FCC. Employees are often in the best place to detect inefficient processes and policies that create extra work and unnecessary costs. FCC's target for this measure is to be greater than the average of the Platinum and Gold employers.

A second measurement is under development that will use scorecards to measure the quality of data for different processes across FCC.

Improve integrity and productivity in FCC's key processes

In order for employees to operate efficiency and effectively, they must have smooth processes to follow and have access to accurate, easy to find information.

FCC recognizes a need to mature its data quality to support employees in making informed and timely decisions. To address this need, FCC is currently developing scorecards to measure the quality of key information elements. The current focus is on key customer information with the goal of improving the customer experience by reducing data quality issues. Throughout 2017-18, FCC will continue to mature its data management and apply these practices to existing and new business processes, systems architectures and individual applications.

FCC complies with the federal *Access to Information Act* and *Privacy Act* and will continue to update policy and compliance controls regarding information privacy and security.

Throughout 2017-18, FCC will implement a credit policy and process framework that provides clear and concise information in a consistent and easy to use format. Employees will benefit from increased clarity and streamlined information along with simple functionality that will reduce time spent searching and interpreting policy. This initiative will also enable a clear line of sight between credit policies and FCC's credit risk appetite.

Enhance FCC's digital infrastructure necessary for the future

FCC currently supports multiple systems that require a considerable amount of resources, effort and capacity to support. FCC has identified a need to renew and/or replace existing systems to support the organization's long-term strategy. To maximize resources, FCC will take a phased approach to refreshing its systems. In 2017-18, FCC will deploy a new human resource management system that will offer employees an integrated end-to-end experience for all human resource-related matters. Following this system enhancement, FCC will continue to look at opportunities to enhance financial and core systems to support employee usability and business capability, including data analytics.

Enhance the digital experience

FCC has a long-term goal to become a digital organization that provides employees with seamless access to current tools and knowledge to serve FCC's customers and the industry. FCC has invested in furthering the digital experience and will be deploying new online functionality and usability as well as mobile technology. With customer preferences continuously evolving in terms of mobility and enhanced digital capability, FCC must ensure strategies and delivery in these areas are strong.

One initiative has been identified to advance this objective:

- Increase employee enablement

Increase employee enablement
Working collaboratively within an organization has the benefit of reducing time and errors as well as increasing knowledge and delivering a better end product. FCC has invested in collaboration technology to create that employee experience. In 2017-18, employees will benefit from new hardware and software as well as cloud computing functionality to allow them the flexibility to work from anywhere at any time. The migration to cloud computing technology will reduce redundant and outdated information, the risk of information security breaches, and costs related to information storage and management.

Many of the new mobility features listed in the Great Customer Relationships theme relate to mobile apps and increased online functionality and will directly increase employees' ability to serve customers and offer them accurate information quickly.

FCC launched a new intranet in 2016-17 (briefly referenced in the Great Customer Relationships theme) and will focus on maximizing employees' connectivity and collaboration experience. Employees will have the ability to not only connect with information, but also to connect with internal experts quickly to gain knowledge to better serve customers. The intranet operates on FCC's cloud platform, enabling quick collaboration through instant messaging and enabling employees to comment on topics that they have questions about in real time to supplement their knowledge on specific topics.

Operate a sustainable innovation practice

FCC strives to offer solutions that provide value to customers, partners and employees. Without a focus on innovation, FCC is at risk by lacking the ability to anticipate needs and respond to opportunities that attract and retain customers and employees.

To address this, FCC will create an innovation practice to improve efficiency and enablement for customers and employees.

Currently there is no measure identified for this objective.

One initiative has been identified to achieve this objective.

- Mature a sustainable innovation practice

Mature a sustainable innovation practice
To anticipate and focus on evolving expectations of customers and employees, FCC is creating an innovation practice to experiment with new partnerships and approaches, develop and deliver new solutions and support the overall customer experience. By enabling customers and employees to conduct transactions with ease, FCC can leverage its core strength of solid relationships with customers to be better positioned for opportunities and threats.

5.3.4 Effective ERM

Effective ERM - How we protect FCC and great customer relationships						
Strategic objective	Measures	2017-18 plan	2018-19 plan	2019-20 plan	2020-21 plan	2021-22 plan
Elevate risk awareness and ownership	ERM maturity measure	Greater than 3.5	Greater than 3.5	Greater than 3.5	Greater than 3.5	Greater than 3.5
	Align and integrate accountability for managing risk across FCC					
Simplify and evolve risk capabilities	**Simplify risk management tools**					
	Mature enterprise security					
	Build sustainable risk practices					

The critical outcome that FCC is striving to achieve for this theme is:

In 2025, sound risk management ensures ongoing viability for FCC and protects great customer relationships. FCC has risk management processes and practices that are reflective of its mandate and consistent with a federally regulated financial institution. FCC stays within its risk appetite and tolerances and maintains an appropriate level of capital.

Since the 2008 financial crisis, ERM has been a greater priority for financial institutions. Companies have recognized the need to develop strong risk management frameworks, practices and systems to maintain financial stability. In fiscal 2011-12, FCC requested that a third party review its ERM maturity and measure the corporation relative to other financial institutions of similar size. The review led to several recommendations for FCC to increase its ERM maturity, including the establishment of an independent risk function.

By understanding and managing its most significant risks, FCC is better able to fulfil its mandate and public policy role, create value for its customers and protect its long-term business interests. In addition, a strong risk management foundation creates agility, builds trust in information and positions FCC well when opportunities arise.

FCC will pursue the following five-year strategic objectives to achieve the critical outcome for this theme:

- Elevate risk awareness and ownership
- Simplify and evolve risk capabilities

To gauge progress on the overall theme, FCC has adopted KPMG's ERM maturity measure. The measure is based on a maturity model that indicates how mature FCC's ERM practices are in the following five areas: risk governance, risk assessment, risk quantification, risk monitoring and reporting, and risk and control optimization. The measure uses a five-point scale where a measure of 1.0 is considered basic (in compliance), 3.0 is mature (a management process) and 5.0 is advanced (a strategic tool). FCC's long-term target is to increase maturity to a level that reflects its size, complexity and unique mandate.

Elevate risk awareness and ownership

Through aligned leadership, skilled employees and clear risk frameworks, business opportunities and risk events can be understood, assessed, and addressed to achieve the targeted risk exposure. FCC understands the risk appetite by risk category, embraces the three lines of defence, and reflects those elements in incentive structures as well as organizational and role design. Risk management is integrated across business units and governed through various senior leadership management committees to maximize business performance through efficient, effective and aligned risk-taking and decision-making behaviour.

To further this objective, FCC has identified one initiative:

- Align and integrate accountability for managing risk across FCC

Align and integrate accountability for managing risk across FCC

Risk is inherent in financial institutions and the effective management of risk starts with a clear tone from executive management, quality oversight and aligned incentives and accountabilities.

FCC will implement new strategies in 2017-18 to continue to elevate leadership engagement and further integrate ERM ownership and management practices into organizational strategies, processes and roles.

FCC will implement an enhanced corporate procurement function, with a supporting framework that clearly defines sound risk management accountabilities for procurement, contract and vendor management activities across the enterprise.

FCC will further enhance operational risk management, including the execution of risk and control self-assessments that will empower employees to take the appropriate level of risk while ensuring proper controls exist to manage risk levels in accordance with the risk appetite.

Simplify and evolve risk capabilities

FCC will continue to simplify and evolve its risk capabilities to protect the organization's ability to deliver exceptional customer experiences over the long run as well as ensure the effective assessment, quantification and aggregation of risk across the enterprise to support capital adequacy. This will enable employees to pursue risk-taking opportunities in an efficient way while effectively and consistently managing the inherent risks – financial, strategic, operational and reputation.

As a financial institution, FCC is aware of the potential and evolving financial and reputation risks associated with fraudulent activity perpetrated by external parties and the misuse of information assets by bypassing physical, technological barriers, internal controls and processes.

Three initiatives have been identified to progress this objective and mitigate risks:

- Simplify risk management tools
- Mature enterprise security
- Build sustainable risk practices

Simplify risk management tools

To address performance gaps and address efficiency opportunities, FCC will:

- Replace its credit spreading tool to support the efficient, secure capture of customer financial data and provide streamlined credit decision-making to customers.
- Simplify its valuations and appraisal function. Employees will be able to collect information required to value collateral anytime, anywhere and pair it with existing high-quality data to provide faster valuations. The new framework will balance risk versus effort, with the goal of maintaining FCC as a trusted source and industry leader for farmland information.
- Streamline lending-related policies to empower employees to execute their accountabilities in accordance with FCC's risk appetite.

Mature enterprise security

FCC's overall aim with this initiative is to mature enterprise security capabilities while keeping a balance between business enablement and risk management.

This will be accomplished in 2017-18 by implementing enhancements to FCC's enterprise security service. These enhancements will ensure consistent and repeatable processes, increase awareness and education and will improve the ability to assess trends in security technology and the environment so FCC can proactively position itself to be responsive and effective.

Build sustainable risk practices

To effectively embed risk management into leadership and employee behaviours, it must be introduced and reinforced through foundational elements such as training and learning. FCC piloted a new approach to employee training in

2016-17 and will apply the learnings from this pilot to future offerings to ensure employees receive appropriate knowledge and skills to execute risk management in their day-to-day work.

To ensure the consistency of risk management application and adherence to the organization's risk appetite, FCC will investigate opportunities to implement a loan review function.

FCC is focused on enhancing its fraud and anti-money laundering risk practices through the introduction of renewed policies and processes that reflect current industry practices. FCC will also explore the implementation of improved tools to support customer, employee and vendor screening and on-boarding processes.

5.3.5 High-performance culture

High-performance culture - How we work together to achieve great customer relationships						
Strategic objective	Measures	2017-18 plan	2018-19 plan	2019-20 plan	2020-21 plan	2021-22 plan
Deepen culture of 100% accountability and committed partnerships, and build great leaders	Leadership index: subset of employee engagement survey data with respect to leadership indicators	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers
	Employee engagement	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers
	Employee experience index: subset of employee engagement survey data with respect to employee experience indicators	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers	Greater than the average of the Platinum and Gold employers
	Update and execute the leadership and culture strategy					
Strengthen workforce management	Diversity measure	Hire 24 new diversity candidates from the designated groups where we have gaps	Hire 24 new diversity candidates from the designated groups where we have gaps	Hire 24 new diversity candidates from the designated groups where we have gaps	Hire 24 new diversity candidates from the designated groups where we have gaps	Hire 24 new diversity candidates from the designated groups where we have gaps
	Execute the diversity strategy					
	Enhanced mental health programming					
Create a continuous learning environment	**Develop and implement a comprehensive employee learning strategy**					

The critical outcome that FCC is striving to attain for this theme is:

In 2025, FCC is sought out by prospective employees as a highly desirable place to work. Employees come to FCC because of the corporation's outstanding culture and reputation. They stay because the work environment is everything they heard: meaningful work coupled with high expectations that are supported by an unparalleled ability to learn and grow as a professional, and a team environment that is conducive to providing an exceptional customer experience. Customers feel it and appreciate it.

FCC strives to be an employer of choice. For more than a decade, FCC has been featured on the Best Employers in Canada list based on its results from the Aon Hewitt employee engagement survey. FCC believes having a great employee experience helps attract and retain high-performing employees with the skills and attitudes required to meet customers' needs.

Aon Hewitt defines engagement as a state of emotional and intellectual commitment to the organization. Engaged employees are more likely to say good things about their employer, stay with the organization over the long term and give the discretionary effort needed to achieve great results.

Research shows that an engaged workforce results in a better customer experience. This is why it is important for FCC to measure and manage employee engagement. When FCC asks employees to provide input on their engagement, this leads to discussions and actions that directly

address employee concerns and opportunities to improve the employee and customer experience.

FCC will pursue the following five-year strategic objectives to achieve the critical outcome for this theme:

- Deepen the culture of 100% accountability and committed partnerships, and build great leaders
- Strengthen workforce management
- Create a continuous learning environment

Deepen the culture of 100% accountability and committed partnerships, and build great leaders

FCC sets itself apart as an excellent place to work and to do business by having a defined culture. The culture is based on the principles of 100% accountability and working together as committed partners. FCC's 10 cultural practices outline how employees are expected to behave at work each day to deliver outstanding results.

Leadership is an important aspect of creating an excellent culture. Leaders at FCC inspire employees to be passionate about customers and the business of agriculture. They coach teams to achieve outstanding results and they are authentic and 100% accountable. With an eye on the big picture and a commitment to employee engagement, leaders partner with employees to find new and better ways to make FCC successful to benefit its customers and the industry.

FCC offers a suite of training programs and services to support its leaders and the important role they play. FCC has a leadership development program for all leaders. It is comprised of a New Manager Essentials course, the Leadership Transformation Program, a leadership objective for all leaders and supporting leadership principles and competencies upon which all leaders are evaluated.

To achieve this objective, FCC has identified the following initiative:

- Update and execute the leadership and culture strategy

To measure its performance on creating the desired employee experience, FCC will continue to monitor and analyze employee engagement and sub-indices of the employee engagement results that measure how employees feel about their workplace environment and their relationships with their leaders.

Update and execute the leadership and culture strategy

To continue to elevate the employee experience, FCC will investigate new approaches that will deepen and broaden its culture. While this is being developed, FCC will continue to coach leaders across the organization. FCC will develop forums to connect leaders with one another to facilitate the sharing of trends, practices, ideas and materials.

Strengthen workforce management

Workforce management at FCC is a combination of workforce planning, diversity and employment equity planning, official languages obligations, and the overall employee experience.

Leaders engage in a comprehensive workforce planning exercise each year that is aligned with the strategic planning cycle. This process enables them to review and analyze workforce trends based on demographic and skill-based data provided to them. This analysis then forms the basis of divisional and corporate workforce plans. Integrated into the workforce plan are considerations for divisional and organizational diversity plans, succession and talent review plans, and engagement action plans.

In this area, two initiatives have been identified for the upcoming year:

- Execute the diversity strategy
- Enhanced mental health programming

FCC has a measure to hire 24 new diversity candidates from the designated groups where the corporation has gaps.

Execute the diversity strategy
FCC is subject to the *Employment Equity Act* and strives to achieve a representative workforce over a reasonable period of time. To achieve this initiative, FCC will implement new tactics to increase visibility among equity group communities while expanding the inclusiveness of its workplace.

FCC piloted the Indigenous Affinity Group in 2016-17 as a way of creating a network to share cultural experience and background. Going forward, this pilot project will be evaluated and may be expanded to other designated employment equity groups at FCC.

Enhanced mental health programming
FCC knows that a healthy workplace, including one that supports the mental well-being of employees, is critical to employee engagement and FCC's ability to deliver an outstanding customer experience.

To support this goal, FCC will be increasing managers' knowledge of, as well as their ability to recognize and respond to, mental health issues in the workplace through webinars, e-learning and face-to-face training. FCC will enhance its health and wellness platform with online tools and resources for employees to make healthy lifestyle changes, and create overall awareness to de-stigmatize and support mental health.

Create a continuous learning environment

FCC's learning infrastructure supports employees by offering knowledge on agriculture and finance, and having learning programs, methods and delivery that are current and focused on business needs, creating a continuous learning environment.

To ensure employees keep pace with an increasingly sophisticated marketplace, FCC will assess and evaluate its learning programs, infrastructure, tools and process for learning, ensuring they align with customer needs and expectations.

In this area, one initiative has been identified for the upcoming year:

- Develop and implement a comprehensive employee learning strategy

Develop and implement a comprehensive employee learning strategy
FCC is taking steps to create and sustain a workforce that is supported in the knowledge, practices and tools required to enable FCC to fulfil its higher purpose.

FCC operates in a rapidly changing environment where customers are becoming increasingly sophisticated and advanced in their business operations and are experiencing quickly evolving needs for financial solutions and advice. FCC's lending and risk management practices are evolving and the corporation needs to be nimble with respect to developing employee learning, competencies, and confidence. Employees' ability to successfully adapt to the changing environment depends on their ability to learn new skills with confidence in a timely manner.

Employees need to be supported in making the necessary changes. This depends upon FCC's ability to design, develop and deliver learning to employees quickly and effectively, ensuring that learning is embedded and sustained in everyday work.

FCC piloted a new learning format in 2016-17 with a subset of employees. The learnings from this pilot will help to inform future direction. FCC will develop and implement a new learning strategy for all employees. The new learning approach and strategy will include:

- Infrastructure
- Systems, processes and tools
- Programs
- Governance, including ownership and ongoing maintenance

6.0 | Financial plan

FCC is a self-sustaining Crown corporation, projecting growth and continued viability through sound financial and risk management practices. As discussed in section 5.0, strategic themes support FCC's vision and mission, and these themes and the corresponding strategic objectives form the basis for the financial plan. All other sections of the corporate plan form an integral part of the financial plan and should be read in full to obtain a comprehensive understanding of the projected financial results.

The financial plan explains the projected financial results and the major underlying assumptions used in the projections. The results demonstrate achievement toward the financial objectives through profitable portfolio growth and efficiency. The financial plan for 2017-18 to 2021-22 is presented in the following sections:

6.1 Operating budget
6.2 Capital budget
6.3 Borrowing plan

The financial plan and key assumptions reflect FCC's outlook on the Canadian agriculture sector as outlined in section 4.0. Overall, the outlook for the agriculture industry in Canada is stable. Economic growth is expected to remain muted, which will continue to support a low interest rate environment. Additionally, a stable but relatively low-priced oil market is projected to continue stabilizing the Canadian dollar. After years of strong commodity prices, farm revenue is expected to moderate, the appreciation in asset values is expected to soften, and growth in farm debt is expected to slow, while demand for agricultural commodities continues to grow. Although asset values are expected to soften, the assumption of continued profitability will curtail potential impacts on FCC's projected risk levels.

Caution regarding forward-looking statements

The corporate plan includes forward-looking financial information based on certain assumptions that reflect management's planned course of action with the most probable set of economic conditions. By their nature, assumptions are subject to inherent risks and uncertainties. There is significant risk that actual results may vary, and that the differences may be material. Some factors that could cause such differences include changes in general economic and market conditions, including but not limited to interest rates.

Sensitivity analysis

FCC employs a financial model to determine the five-year plan targets based on inputs received from various divisions throughout the corporation. The model has been tested and proven to generate consistently accurate projections based on the data inputs. The input assumptions for this financial plan are consistent with historical experience and are approved by management and the Board of Directors.

In addition to the financial plan projections provided in this document, the corporation runs sensitivity and scenario analyses. These analyses assist in financial planning, risk management and resource allocation by testing financial strength across a range of financial plan assumptions. This information assists in ensuring the corporation is making prudent financial and risk management decisions over the long term, including situations where the financial results may be less favourable than the projections provided in this document.

The table below shows the impact of changes to key variables on projected net income for 2017-18.

Major drivers ($ millions)	Change	2018 Plan
Loan disbursements*	+/- 10%/year	+/- 7.0
New lending margins**	+/- 10 bps/year	+/- 7.0
New lending mix (F/V)	+/-10% fixed/year	+/- (4.5)
Interest rate curves**	+ 100 bps	+ 17.5

* assumes that disbursements are made throughout the year.

** bps is basis points

6.1 Operating budget

The operating budget provides details of FCC's forecasted revenues and expenses for the fiscal year ended March 31, 2018, and is submitted for Treasury Board approval in accordance with section 123 of the *Financial Administration Act*. The table below summarizes financial projections for 2016-17 and 2017-18.

Fiscal year ending March 31	2016	2017*	2017	2018
($ millions)	Actual	Plan	Forecast	Plan
Portfolio growth				
Loans receivable	28,655.7	29,314.0	30,803.5	32,056.8
Loans receivable growth rate (per cent)	4.9	3.7	7.5	4.1
Net disbursements	9,073.8	8,693.0	10,028.4	9,509.6
Prepayment rate (per cent)	5.4	5.6	5.8	5.8
Profitability				
Net interest income	986.5	977.1	1,000.6	1,028.1
Net interest margin (per cent)	3.32	3.17	3.18	3.11
Credit quality				
Impaired loans	231.1	330.8	245.5	257.6
Provision for credit losses	42.6	67.1	86.8	67.7
Allowance for credit losses	210.0	234.5	246.4	256.5
Performance by non-lending business line				
FCC Ventures				
Total capital outstanding	109.3	149.5	130.6	145.3
Total investments at fair market value	97.5	157.7	145.2	164.5
FCC Management Software				
Net sales revenue	1.9	2.0	1.9	1.9
FCC Insurance				
Insurance premium income	24.8	26.7	26.0	27.0
Net insurance income	15.2	16.0	15.5	16.2
Efficiency				
Administration expenses	352.4	379.3	379.6	403.9
Efficiency ratio (per cent)	35.2	38.2	37.3	38.7
Funding				
Borrowings	24,262.8	24,895.4	26,174.2	27,213.4
Capital management				
Total capital	5,213.3	5,676.2	5,433.2	5,668.3
Risk weighted assets	31,171.3	32,355.6	33,532.4	34,861.1
Total capital ratio	16.7	17.5	16.2	16.3
Debt to equity	4.7	4.4	4.9	4.8
Shareholder return				
Net income	615.5	542.1	546.0	570.5
Return on equity (per cent)	12.3	9.8	10.2	10.2
Return on assets (per cent)	2.1	1.8	1.8	1.7
Dividends	90.4	57.4	268.0	335.7

* Restated due to prior period error for accounting for venture capital equity funds

6.1.1 Discussion of 2016-17 forecast versus 2015-16 actual, prior plan and 2017-18 financial plan

Portfolio growth

Loans receivable

Relative to 2015-16 actual results, the portfolio is forecast to grow by $2,147.8 million or 7.5% in 2016-17 due to net disbursements of $10,028.4 million. Compared to the 2016-17 plan, the forecast loans receivable is $1,489.5 million or 5.1% higher. This is due to higher than anticipated net disbursements in all business lines totaling $1,335.4 million.

Loans receivable is projected to grow by $1,253.3 or 4.1% from forecast to plan. The increase in loans receivable reflects the projected lending through the primary production financing, agribusiness and agri-food financing and Alliances business lines. The reduced level of growth as compared to 2015-16 is the result of the anticipated softening in appreciation of asset values and lower farm equipment sales.

Net disbursements

The 2016-17 forecast net disbursements are $954.6 million higher than levels experienced in 2015-16 and $1,335.4 million higher than the 2016-17 plan. As healthy competition continues in the marketplace, FCC is projecting portfolio growth that is slightly above the expected farm debt growth.

Net disbursements are projected to decrease in 2017-18 by $518.8 million from the forecast level. Primary production financing, lending to agribusiness and agri-food, and Alliances disbursements are expected to decrease by $267.5 million, $175.4 million and $75.9 million respectively. Overall, lending to primary producers represents 83.9% of total net disbursements in 2017-18.

Profitability

Net interest income and net interest margin

Net interest income is required to cover administration expenses and the risk of credit losses, as well as to yield a sufficient profit to enable the corporation to remain financially viable and fulfil its role in supporting agriculture.

The 2016-17 net interest income forecast is $14.1 million higher than 2015-16 actual results due to continued growth in the loan portfolio, offset by fixed rate assets repricing in a lower interest rate environment. The 2016-17 net interest income forecast is $23.5 million higher than the 2016-17 plan due to growth in the loan portfolio.

The net interest margin is forecasted at 3.18%, which is lower than the prior year actual of 3.32% and higher than the 2016-17 plan of 3.17%. This decrease from prior year is primarily due to lower lending margins on new and repricing fixed assets due to market competition.

Net interest income is expected to increase from forecast to plan by $27.5 million. This is due to a 4.1% growth in loans receivable, offset by a decrease in the net interest margin from 3.18% to 3.11%. The decrease in net interest margin is primarily due to lower lending margins on new and repricing fixed assets due to market competition.

Credit quality

Impaired loans

Impaired loans are forecasted to increase $14.4 million from 2015-16 actual results is due to growth in the loan portfolio. The 2016-17 forecast is lower than the 2016-17 planned amount by $85.3 million due to better than anticipated portfolio health.

Impaired loans are expected to be $257.6 million in 2017-18, an increase of $12.1 million over forecast due to growth in the loan portfolio.

Allowance for credit losses

FCC's allowance for credit losses is forecasted to increase by $36.4 million in 2016-17 from 2015-16 due to a decrease in portfolio health and growth in loans receivable.

The allowance for credit losses is projected to grow $10.1 million from 2016-17 to 2017-18 due to the growth in loans receivable. The allowance as a percentage of ending loans receivable is projected to remain flat at 0.80% as the overall risk in the portfolio is not anticipated to change materially.

Provision for credit losses

Once management determines the allowance for credit losses and writeoffs, the provision for credit losses is charged against net income by an amount necessary to bring the allowance for credit losses to the projected 0.80% of ending loans receivable. To bring the allowance to the appropriate level in 2016-17, the provision for credit losses is forecasted to be $86.8 million, which is higher than the provision of $42.6 million in 2015-16 due to a slight decrease in portfolio health and growth in loans receivable. Forecast is higher than 2016-17 plan of $67.1 million due primarily to the sharp increase in portfolio size.

In 2017-18, the required provision is projected to be $67.7 million due to the projected portfolio growth.

Performance by non-lending business lines

Venture capital

FCC Ventures continues to address the need for alternative financing in the agriculture industry. FCC has provided $224.9 million in venture capital funding to agriculture to date. Co-investors have contributed an additional $534.4 million resulting in $2.40 of capital invested by co-investors for every $1.00 invested by FCC. FCC will continue to provide venture capital financing with the expectation of attracting additional capital to the industry.

At the end of 2016-17, the corporation is forecasting $130.6 million in capital outstanding. Total capital outstanding is expected to increase slightly to $145.3 million at the end of 2017-18. This anticipates new investments of $37.3 million, offset by repayments and divestitures.

The fair value of the venture capital investments is projected to increase $19.3 million from 2016-17 to 2017-18. This reflects the plan assumptions with respect to the new investments and increases in the fair value of existing investments.

FCC Management Software

FCC Management Software is focused on developing, promoting and improving farm management software for the Canadian agriculture industry by providing valuable solutions to farmers that will help

ensure their success and viability. The forecasted net sales revenue of $1.9 million equal to 2015-16 actual results and 2017-18 plan, but slightly lower than 2016-17 plan.

FCC Insurance
FCC offers creditor life and accident insurance, providing protection for customers, their families and their businesses. Insurance premium revenue is forecasted to be $1.2 million higher than 2015-16 actual results and is $0.7 million lower than the 2016-17 plan.

In 2017-18, insurance premium revenue is planned to be $27.0 million, representing an increase of $1.0 million from forecast levels due to growth in the portfolio. Net insurance revenue after taking into account claims paid, is projected at $16.2 million.

Efficiency

Administration expenses
A key element of continued financial viability is cost management and operational efficiency balanced against the requirements of a growing enterprise. The corporation will continue its track record of efficiency, strong financial performance, focus on delivering services in an efficient manner and optimizing how it operates enterprise-wide. Initiatives are planned for 2017-18 to optimize key systems and processes, enhance digital infrastructure, increase employee enablement and build a sustainable innovation practice (see section 5.3.3 Execution excellence).

In 2016-17, administration expenses are forecasted to be $27.2 million higher than 2015-16 actuals due to increases in personnel expense, professional services fees and facilities and equipment.

In 2017-18, administration expenses are projected to be $24.3 million higher than forecast primarily due to increased personnel expenses and pension expenses, as well as planned investment in systems to enhance the customer experience.

Efficiency ratio
The forecast efficiency ratio of 37.3% is higher than 2015-16 actual ratio of 35.2% due to higher administration expenses and offset by higher net interest income. The forecast is lower than 2016-17 plan of 38.2% as a result of higher forecasted net interest income.

In 2017-18, the efficiency ratio increases to 38.7% as a result of the administration expenses identified above, relative to the lower growth of net interest income due to market competition. The 2017-18 projected efficiency ratio of 38.7% is comparable to the 10-year historical average of 38.8%.

Capital management

Total capital ratio
The forecasted 2016-17 total capital ratio of 16.2% is lower than the 2015-16 actual of 16.7%. The decrease in the capital ratio is primarily due to dividend payments and higher than anticipated portfolio growth. This ratio is projected to remain higher than FCC's targeted total capital ratio of 15.0% as growth in capital from net income outpaces growth in risk-weighted assets. FCC's capital management goal is to maintain adequate capital to ensure the ongoing viability of FCC's business and to support anticipated capital growth and strategic investment.

Debt to equity
The forecasted debt-to-equity ratio of 4.9 to 1 is higher than the 2015-16 actual of 4.7 to 1, and less than 2016-17 plan of 4.4 to 1. In 2017-18, the debt-to-equity ratio is projected to remain stable at 4.8 to 1, since the excess capital will be paid out as dividends. The debt to equity ratio is lower than the 10-year average of 7.0 to 1. The ratio has declined as growth in equity outpaced portfolio growth requiring less debt. This ratio is projected to remain well below the maximum 12 to 1 debt-to-equity ratio set under the *Farm Credit Canada Act*.

Shareholder return

Net income
Net income is projected to reach $546.0 million in 2016-17, which is $69.5 million lower than 2015-16 actual and $3.9 million higher than the 2016-17 plan. The forecasted decrease from the prior year is driven by higher provision for credit losses and higher administration expenses.

In 2017-18, net income is projected to increase $24.5 million. The projected growth is due to higher net interest income and lower provision, offset by higher administration expenses.

Return on equity
Return on equity measures the efficiency at generating income relative to equity. In 2016-17, return on equity is forecast at 10.2%, which is lower than the 2015-16 actual of 12.3%. The decrease is primarily due to higher provision for credit losses, higher administration expenses and an increased equity base. The forecast is higher than the return on equity projected in the 2016-17 plan of 9.8%.

In 2017-18, return on equity is projected to remain stable at 10.2%.

Return on assets
Return on assets measures the use of assets to generate income. The 2016-17 projected return on assets of 1.8% is lower than the 2015-16 actual of 2.1% due to lower net income and increasing assets. The forecast is equal to the 2016-17 plan. In 2017-18, the return on assets is projected to decrease slightly to 1.7%.

Dividends
The corporation pays dividends to its shareholder, the Government of Canada, at the discretion of FCC's Board of Directors. In October 2016, FCC's Board of Directors approved a new dividend policy linking dividend payments to its year-end capital adequacy assessment. The Department of Finance is in the process of finalizing a Capital and Dividend Policy Framework for Financial Crown corporations. FCC's newly approved dividend policy and projected dividend payments will be aligned with the requirements under the new framework, which instructs that any capital in excess of target capital should be returned to the shareholder in the form of dividends over the course of the planning horizon.

Dividend payments will continue to be declared annually at the discretion of FCC's Board of Directors. Actual dividend payments could vary materially with variances in actual risk-weighted assets, available capital and changes in FCC's target capital ratio, which is determined annually through its Internal Capital Adequacy Assessment Process.

FCC is forecasting to pay half of its current excess capital in 2016-17, resulting in a dividend of $268.0 million, which is higher than the prior year actual of $90.4 million and 2016-17 plan of $57.4 million. The remaining $268.0 million plus half of any additional excess capital from 2016-17 will be paid in 2017-18, resulting in a dividend of $335.7 million.

Farm Credit Canada
Consolidated Balance Sheet
2018-22 Corporate Plan
(millions of dollars)

As at March 31	2016 Actuals	2017 Forecast	2018 Plan
Assets			
Cash and cash equivalents	$ 831.4	$ 789.6	$ 789.6
Temporary investments	337.0	410.4	410.4
Accounts receivable	24.8	24.4	25.3
Derivative financial assets	47.5	35.9	26.9
	1,240.7	1,260.3	1,252.2
Loans receivable	28,655.7	30,803.5	32,056.8
Allowance for credit losses	210.0	246.4	256.5
Loans receivable (net)	28,445.7	30,557.1	31,800.3
Finance leases receivable (net)	14.7	15.8	19.1
Investment in associates	55.5	68.3	81.1
Venture capital investments	42.0	76.9	83.4
	28,557.9	30,718.1	31,983.9
Equipment and leasehold improvements	22.3	20.1	21.9
Computer software	33.3	35.5	39.7
Equipment under operating leases	75.4	76.3	81.1
Other assets	21.3	22.5	23.4
	152.3	154.4	166.1
Total assets	$ 29,950.9	$ 32,132.8	$ 33,402.2
Liabilities			
Accounts payable and accrued liabilities	$ 63.8	$ 65.5	$ 69.3
Derivative financial liabilities	0.4	0.2	0.2
	64.2	65.7	69.5
Borrowings			
Short-term debt	12,352.4	12,357.3	14,833.1
Long-term debt	11,910.4	13,816.9	12,380.3
	24,262.8	26,174.2	27,213.4
Transition loan liability	105.2	113.5	118.1
Post-employment benefit liabilities	146.3	203.5	206.9
Other liabilities	18.3	20.3	21.1
	269.8	337.3	346.1
Total liabilities	24,596.8	26,577.2	27,629.0
Equity			
Contributed surplus	547.7	547.7	547.7
Retained earnings	4,698.9	4,921.1	5,160.3
Accumulated other comprehensive income	107.1	86.0	64.4
Equity attributable to shareholder of parent entity	5,353.7	5,554.8	5,772.4
Non-controlling interest	0.4	0.8	0.8
	5,354.1	5,555.6	5,773.2
Total liabilities and equity	$ 29,950.9	$ 32,132.8	$ 33,402.2

Farm Credit Canada
Consolidated Statement of Operations
2018-22 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2016 Actuals	2017 Forecast	2018 Plan
Loans and leases	$ 1,149.0	$ 1,163.5	$ 1,200.2
Investments	12.5	15.8	16.0
Total interest income	1,161.5	1,179.3	1,216.2
Short-term debt	21.8	29.4	29.1
Long-term debt	153.2	149.3	159.0
Total interest expense	175.0	178.7	188.1
Net interest income	986.5	1,000.6	1,028.1
Provision for credit losses	42.6	86.8	67.7
Net interest income after provision for credit losses	943.9	913.8	960.4
Insurance income			
Premiums	24.8	26.0	27.0
Claims expense	(9.6)	(10.5)	(10.8)
	15.2	15.5	16.2
Net income from investment in associates	13.6	3.8	6.4
Other income	0.0	0.7	0.5
Net interest income and non-interest income	972.7	933.8	983.5
Administration expenses	352.4	379.6	403.9
Net income before fair value adjustment	620.3	554.2	579.6
Fair value adjustment	(4.8)	(8.2)	(9.1)
Net income	$ 615.5	$ 546.0	$ 570.5
Net income attributable to:			
Shareholder of parent entity	$ 615.5	$ 545.9	$ 570.4
Non-controlling interest	0.0	0.1	0.1

Farm Credit Canada
Consolidated Statement of Comprehensive Income
2018-22 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2016 Actuals	2017 Forecast	2018 Plan
Net income	$ 615.5	546.0	$ 570.5
Other comprehensive income			
Items that are or may be reclassified to net income			
Transfer of net realized gains on derivatives designated as cash flow hedges to net income	(23.3)	(21.8)	(21.7)
Net unrealized (losses) gains on available-for-sale financial assets	0.0	0.0	0.0
	(0.6)	0.7	0.1
	(23.9)	(21.1)	(21.6)
Item that will never be reclassified to net income			
Remeasurements of post-employment benefit liabilities	(2.1)	(55.7)	4.5
Total other comprehensive (loss) income	(26.0)	(76.8)	(17.1)
Total comprehensive income	$ 589.5	469.2	$ 553.4
Total comprehensive income attributable to:			
Shareholder of parent entity	$ 589.5	469.1	$ 553.3
Non-controlling interest	0.0	0.1	0.1

Farm Credit Canada
Consolidated Statement of Changes in Shareholder's Equity
2018-22 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2016 Actuals	2017 Forecast	2018 Plan
Contributed surplus			
Balance, end of year	$ 547.7	$ 547.7	$ 547.7
Retained earnings			
Balance, beginning of year	4,175.9	4,698.9	4,921.1
Net income	615.5	545.9	570.4
Other comprehensive income	(2.1)	(55.7)	4.5
Dividends declared	(90.4)	(268.0)	(335.7)
Balance, end of year	4,698.9	4,921.1	5,160.3
Accumulated other comprehensive income			
Balance, beginning of year	131.0	107.1	86.0
Transfer of net realized gains on derivatives	0.0	0.0	0.0
designated as cash flow hedges to net income	(23.3)	(21.8)	(21.7)
Net unrealized losses on available-for-sale	0.0	0.0	0.0
financial assets	(0.6)	0.7	0.1
Balance, end of year	107.1	86.0	64.4
Total equity attributable to parent	$ 5,353.7	$ 5,554.8	$ 5,772.4
Non-controlling interests in structured entity			
Balance, beginning of year	0.3	0.4	0.8
Non-controlling interest in structured entity	0.0	0.1	0.1
Distributions to/(from) non-controlling interest	0.1	0.3	(0.1)
Balance, end of year	0.4	0.8	0.8
Total	**$ 5,354.1**	**$ 5,555.6**	**$ 5,773.2**

Farm Credit Canada
Consolidated Statement of Cash Flows
2018-22 Corporate Plan
(millions of dollars)

Fiscal year ending March 31	2016 Actuals	2017 Forecast	2018 Plan
Operating activities			
Net income	$ 615.5	$ 546.0	$ 570.5
Adjustments to determine net cash (used in) provided by operating activities:			
Net interest income	(986.5)	(1,000.6)	(1,028.1)
Provision for credit losses	42.6	86.8	67.7
Fair value adjustment	4.8	8.2	9.1
Net income from investment in associates	(13.6)	(3.8)	(6.4)
Amortization and depreciation	18.8	31.2	29.4
Other	(1.0)	0.0	0.0
Net cash outflow from loans receivable	(1,372.9)	(2,187.6)	(1,292.1)
Net cash inflow (outflow) from finance leases receivable	1.2	(1.1)	(3.3)
Net change in other operating assets and liabilities	(0.2)	15.9	15.2
Interest received	1,135.1	1,156.0	1,186.5
Interest paid	(160.2)	(178.7)	(188.1)
Cash used in operating activities	**(716.4)**	**(1,527.7)**	**(639.6)**
Investing activities			
Net cash inflow from temporary investments	(337.3)	(73.4)	0.0
Acquisition of venture capital investments	(10.5)	(46.9)	(25.1)
Proceeds on disposal and repayment of venture capital investments	2.0	12.2	18.5
Net cash inflow from investment in associates	42.3	(9.0)	(6.4)
Purchase of equipment and leasehold improvements	(14.0)	(6.9)	(9.4)
Purchase of computer software	(17.9)	(14.8)	(15.6)
Purchase of equipment under operating leases net of disposal	(20.7)	(18.7)	(26.0)
Cash provided by (used in) investing activities	**(356.1)**	**(157.5)**	**(63.9)**
Financing activities			
Long-term debt	797.4	604.0	837.3
Short-term debt	33.1	1,307.4	201.9
Dividends paid	(90.4)	(268.0)	(335.7)
Cash provided by financing activities	**740.1**	**1,643.4**	**703.5**
Change in cash and cash equivalents	(332.4)	(41.8)	0.0
Cash and cash equivalents, beginning of year	1,164.3	831.4	789.6
Effects of exchange rate changes on the balances of of cash held and due in foreign currencies	0.0 (0.6)	0.0 0.0	0.0 0.0
Cash and cash equivalents, end of year	**$ 831.4**	**$ 789.6**	**$ 789.6**

6.2 Capital budget

The 2017-18 capital budget is submitted for Treasury Board approval in accordance with section 124 of the *Financial Administration Act*.

Capital spending is expected to be $55.0 million in 2017-18, which is lower than the 2015-16 actual results by $9.6 million and higher than 2016-17 forecast by $2.2 million. FCC's capital projections primarily consist of agricultural equipment financing to customers under operating leases, as well as purchases relating to leasehold improvements, regular furniture, fixture and equipment replacements, and computer hardware and software purchases.

Aside from equipment under operating leases, significant capital expenditures in 2017-18 include purchases related to computer hardware and software. These expenditures are being used to support continued business growth and enhancements to the customer experience, including investment in technology as outlined in the strategic themes under Section 5.3.

Fiscal year ending March 31	2016	2017	2017	2018
($ millions)	Actual	Plan	Forecast	Plan
Capital budget				
Leasehold improvements	7.4	6.7	3.7	3.4
Furniture and equipment	2.2	2.9	1.2	1.1
Computer hardware	3.9	2.0	2.0	4.9
Computer software	18.4	11.1	14.8	15.6
Equipment under operating leases	32.7	36.3	31.1	30.0
Total capital expenditures	**64.6**	**59.0**	52.8	**55.0**

6.3 Borrowing plan summary

To meet its forecasted funding requirements, FCC requests authority from the Minister of Finance to borrow from the Crown Borrowing Program and capital markets as follows:

i. Short-term financing from the Crown Borrowing Program not exceeding a maximum outstanding of $10.5 billion.

ii. Short-term U.S. dollar financing from domestic money markets not exceeding a maximum outstanding of U.S. $500 million.

iii. Long-term financing from the Crown Borrowing Program not exceeding $15.5 billion of new issuances.

iv. Up to a maximum of $30 million through an operating line of credit.

Borrowings are used in the normal course of business to finance loans and provide liquidity, as well as for asset-liability management purposes. Interest rates and market conditions can drive changes in customer preferences or interest rate risk exposures on the balance sheet. FCC requires borrowing authorities that provide flexibility and latitude to effectively finance FCC's balance sheet and manage risk and business requirements.

7.0 | Reference information

7.1 Products and services

FCC cares about its customers and takes time to listen, learn and understand their businesses. The corporation offers a combination of financing, insurance, management software, information and learning products and services, and focuses on creating extraordinary customer experiences.

Primary production financing

FCC provides loans tailored to the unique needs of primary producers in the agriculture industry. This includes industries such as crop production, greenhouse production, cattle, hogs, dairy and poultry. Employees build relationships with customers to ensure the right combination of terms, security and payment schedules meet their customers' current and future needs.

Agribusiness and agri-food financing

FCC provides loans to those who buy from and sell to primary producers, including equipment manufacturers and dealers, input providers and processors along the agriculture value chain. Employees offer customized financial solutions to agribusiness and agri-food customers on a foundation of service excellence, industry knowledge and trusted partnerships.

Financing for equipment, crop inputs and livestock at the point of sale

FCC provides loans and leases to customers at the point of sale through alliance relationships with crop input retailers, livestock marketers and equipment dealers. These convenient finance programs benefit alliance partners and customers.

FCC learning and events

FCC offers management training, information and learning to customers. Live event and online multimedia topics include managing farm finances, human resources, succession planning and others.

FCC offers all producers and agribusiness and agri-food operators complimentary access to learning events where they can build management skills and experience hands-on training. Employees encourage young farmers to participate in these opportunities.

FCC offers a series of online learning videos, audio podcasts and webinars at fcc.ca to help Canadian producers and agribusiness and agri-food operators expand their knowledge.

FCC Ag Outlook 2017 is a half-day learning event that brings together leading industry experts to provide valuable insights into the economy, weather, technology and commodity markets. Held in communities across the country and targeted directly at producers and agribusiness owners, Ag Outlook events complement FCC's Forum speaker series. Since 2006, the Forums have entertained and inspired more than 50,000 Canadians involved in the agriculture industry.

Every week, Canadians receive the latest news, market and economic outlooks through the FCC Express.

Producers can learn more about farm management strategies by reading AgriSuccess, FCC's bimonthly publication. This national farm management magazine is free and offers tips and insight from industry experts and producers.

FCC Management Software

FCC offers software designed for Canadian producers. Current software offerings include AgExpert Analyst, Field Manager PRO, Field Manager PRO 360 and Field Manager Commercial.

AgExpert Analyst allows customers to track income, expenses, inventory and capital assets, and prepare financial statements, including GST returns. The accounting software is designed specifically for Canadian agriculture and provides reporting features that are relevant to producers.

Field Manager PRO is a crop record-keeping and planning system that provides customers with access to their crop production data.

Field Manager PRO 360 is used to track field records and has geographic information system (GIS) capabilities. With Field Manager PRO 360, producers can access satellite imagery of their farms, do their own mapping and upload and use GIS files from their equipment.

With **Field Manager Commercial**, food processing companies, packing houses and agronomists can track and filter their producers' data. The software saves time, increases reporting accuracy and creates auditable records. The electronic records provide proof of good agronomic practices, and agronomists can use them to gather and sort valuable producer information. As traceability requirements increase, Field Manager Commercial, Field Manager PRO and Field Manager PRO 360 can minimize tracking efforts by managing field records from planning to storage.

FCC Loan Insurance

FCC offers loan insurance tailored to agriculture, allowing customers to protect themselves, their businesses and their families in the event of injury or death.

FCC Ventures

FCC Ventures is the corporation's venture capital business line, created to address the need for non-traditional financing in Canada's agriculture industry.

FCC venture capital financing is delivered through various limited partnership investment funds managed by Avrio Capital.

These funds provide alternative financing arrangements to the agriculture industry in the form of subordinated debt, mezzanine and equity financing.

Avrio Capital provides services across Canada with offices in Montreal, Toronto and Calgary.

FCC Online Services

Using FCC Online Services, customers can check their portfolios, request funds from their FCC credit line, view their annual loan statements, access knowledge articles, videos and podcasts, locate branch offices, view local weather and review information on Canada's financial market trends and farmland values.

7.2 Loans and leasing

Customized loans

1-2-3 Grow Loan
Customers can manage their cash flow with interest-only payments until they get a return on their investment.

Advancer Loan
The Advancer Loan is a pre-approved, secured loan with the flexibility to re-advance funds for capital purchases at the borrower's discretion.

American Currency Loan
The American Currency Loan is useful to customers who derive revenue in U.S. dollars. The loan allows them to borrow and make payments in U.S. currency.

Capacity Builder Loan
Producers may purchase quota, equipment or breeding livestock with pre-approved financing for up to 18 months with the option to capitalize interest.

Cash Flow Optimizer Loan
This loan offers interest-only payments and allows customers to reinvest funds into other areas of their operations. The borrower chooses when to make principal payments.

Construction Loan
Customers may defer their principal payments while they build or expand, with interim financing for up to 18 months on construction projects.

Energy Loan
The Energy Loan helps customers convert to renewable energy sources like biogas, geo-thermal, wind or solar power.

Enviro-Loan
The Enviro-Loan allows customers to defer principal payments while constructing, improving or expanding their environmental facilities.

FCC Credit Line
FCC Credit Line is a revolving, pre-approved loan that borrowers can access at any time for their day-to-day operating expenses.

Flexi-Loan
Customers may defer principal payments for up to one year and take advantage of opportunities or ease cash flow during adverse conditions.

Inventory Financing Loan
Inventory Financing is a revolving, pre-approved loan for agricultural equipment inventory. It serves as a two-way agreement between FCC and a dealership for the purpose of financing inventory held for resale.

Performer Loan
The Performer Loan rewards customers with lower interest rates when their businesses achieve pre-set financial goals and ratios.

Spring Break Loan
The Spring Break Loan provides customers with an opportunity to customize their payment schedules to match their irregular cash flow.

Start Now – Pay Later Loan
This loan allows customers to manage their cash flow with deferred payments to get their operations up and running.

Transition Loan
The Transition Loan provides flexibility in the transfer of farm assets by allowing disbursements to be made to the seller over time.

Young Farmer Loan
The Young Farmer Loan is available to farmers under the age of 40 to help start or grow their businesses. Key features include no loan processing fees and special interest rates.

Standard loans

Closed rates
Closed rates are fixed for the term of the personal property or mortgage loan.

Fixed rates
Fixed rates are set for the term of the loan and include a 10% prepayment option.

Open rates
Open rates offer the benefit of prepayment without penalty, with a fixed rate for the term of the personal property loan.

Variable rates
Variable rates offer maximum flexibility with a rate that floats as interest rates rise and fall. Customers may prepay any amount at any time for personal property loans or open variable rate mortgage loans. They may also prepay up to 10% at any time for standard variable rate mortgage loans.

Equipment leases

FCC Leasing
Customers may lease new or used equipment at select dealerships and benefit from less investment up front and increased flexibility in payments and purchase option prices at the end of the lease.

7.3 Glossary of terms

Agribusiness
Provides inputs to primary producers. Includes fertilizer and chemical dealers, feed processors, and equipment dealers and manufacturers.

Agri-food
Processes the outputs of primary producers. Includes food processors, wineries, abattoirs and meat packers.

Agvocate
An individual or group that actively promotes agriculture in respectful and meaningful ways. Agvocates believe that agriculture is a modern and dynamic industry with value that needs to be better understood, recognized and advanced among industry stakeholders and the general public.

Alliances
Alliances are relationships established by contract between FCC and other agricultural or financial organizations designed to pool talents and offer expanded customer services.

Allowance for credit losses
An allowance for credit losses is management's best estimate of credit losses incurred on a loan and lease receivable portfolio. Allowances are accounted for as deductions on the balance sheet from loans and leases receivable, respectively.

Basis point (bps)
A basis point is a unit that is equal to 1/100 of 1%, and is used when describing applicable interest rates or the yield of an investment (1 bps = 0.01%).

Corporate social responsibility (CSR)
CSR refers to a corporation's commitment to operate in an economically, socially and environmentally sustainable manner while recognizing the interests of its stakeholders, including investors, customers, employees, business partners, local communities, the environment and society at large, as defined by Canadian Business for Social Responsibility.

Counterparty
A counterparty is the other party involved in a financial transaction, typically another financial institution.

Counterparty risk
Counterparty risk is the risk that the counterparty will not be able to meet its financial obligations under the terms of the contract or transaction into which it has entered.

Crown Borrowing Program
The Crown Borrowing Program is direct lending provided to major Crown corporation borrowers by the federal government.

Debt-to-equity ratio
The debt-to-equity ratio is the level of debt expressed as dollars of debt per one dollar of total equity, excluding accumulated other comprehensive income.

Dividend payout ratio
The dividend payout ratio is dividends expressed as a percentage of prior year's net income attributable to the shareholder of the parent entity.

Financial derivative instruments
A derivative financial instrument is a financial instrument where value is based on and derived from an underlying price, interest rate, exchange rate or price index. The use of derivatives allows for the transfer, modification or reduction of current or expected risks from changes in interest rates and foreign exchange rates. Types of derivative contracts include interest rate swaps, interest rate options, currency swaps and forward contracts.

Efficiency ratio
An efficiency ratio is a measure of how well resources are used to generate income calculated as administration expense as a percentage of revenue. Revenue is composed of net interest income, net insurance income and other income.

Enterprise risk management (ERM)
ERM is the enterprise-wide application of co-ordinated activities that direct and control an organization with respect to risk.

Fair value
Fair value is the amount an independent party would pay to purchase or sell a financial instrument in the marketplace. It can be estimated as the present value of cash flows, adjusted for risk.

Hedge
A hedge is a risk management technique used to protect against adverse price, interest rate or foreign exchange movements by eliminating or reducing exposures by establishing offsetting or risk-mitigating positions.

Impaired loans
Impaired loans are loans where, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. In addition, any loan that is $500 or more in arrears for 90 days is classified as impaired unless the loan is sufficiently secured.

Interest expense
An interest expense is an expense incurred on debt.

Interest income
Interest income is income earned on loans receivable, cash and investments.

Interest rate risk
Interest rate risk is the risk that a change in interest rates adversely impacts net interest income and economic value.

Internal capital adequacy process (ICAAP)
An end-to-end process designed to ensure that FCC maintains a safe and sound capital position in order to withstand economic downturn, periods of extended loss and to support FCC's strategic direction.

Leverage
Leverage refers to the relationship between total liabilities and the equity of a business.

Market value of portfolio equity (MVPE)
MVPE is the net present value of assets less liabilities. It is used to measure the sensitivity of net economic worth to changes in interest rates.

Mezzanine financing
Mezzanine financing is a hybrid of debt and equity financing that is typically used to finance the expansion of existing companies. Mezzanine financing is often debt capital that gives the lender the right to convert to an ownership equity interest if the loan is not paid off in time and in full.

Net disbursements
Net disbursements represent the release of funds against approved loans. They exclude the refinancing of existing loans.

Net interest income
Net interest income is the difference between the interest earned on assets, such as loans and securities, and the interest expense on borrowings.

Other comprehensive income
Other comprehensive income represents gains and losses due to changes in fair value that are recorded outside of net income in a section of shareholder's equity called accumulated other comprehensive income (AOCI).

Prepayments
Prepayments are unscheduled principal payments prior to interest term maturity.

Primary production
Primary production refers to agriculture operations that produce raw commodities such as grains and oilseeds, cattle, hogs, poultry, sheep and dairy as well as fruit, vegetables and alternative livestock. Primary production also includes vineyards, greenhouses, forestry (cultivation, growing and harvesting of trees), aquaculture (growing of ocean and inland fish) and part-time farming.

Provision for credit losses
A provision for credit losses is charged to the income statement by an amount necessary to bring the allowance for credit losses to a level determined appropriate by management.

Return on assets (ROA)
ROA is the net income attributable to the shareholder of the parent entity expressed as a percentage of total average assets.

Return on equity (ROE)
ROE is the net income attributable to the shareholder of the parent entity expressed as a percentage of total average equity, excluding accumulated other comprehensive income.

Risk-weighted assets
Assets weighted according to relative risk (0 to 150%) as prescribed by the regulatory capital requirements issued by the Office of the Superintendent of Financial Institutions (OSFI).

Sector
A sector is a specific type of agricultural operation (dairy, beef, oilseed and grain, agribusiness, etc.).

Structured entity
Structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity and the relevant activities are directed by means of contractual arrangements.

Subordinated debt
Subordinated debt is a loan that ranks below other loans with respect to claims on assets or earnings in the case of default. Subordinated debt is often unsecured.

Suppliers and processors
Suppliers and processors sell to, buy from and otherwise serve primary producers. These include equipment manufacturers and dealers, input providers, wholesalers, marketing firms and processors.

Total capital
Total capital consists of contributed surplus, retained earnings and accumulated other comprehensive income and are net of regulatory adjustments. Regulatory adjustments are prescribed by OSFI.

Total capital ratio
The total capital ratio is the level of total capital held in relation to the risks taken on by the institution, and is expressed as total capital as a percentage of total risk-weighted assets.

7.4 Office locations (as of December 31, 2016)

British Columbia
Abbotsford, Dawson Creek, Duncan, Kelowna, Surrey

Alberta
Barrhead, Brooks, Calgary, Camrose, Drumheller, Edmonton, Falher, Grande Prairie, High River (S), La Crete, Leduc, Lethbridge, Lloydminster, Medicine Hat, Olds, Red Deer, Stettler (S), Strathmore (S), Vegreville, Vermilion, Westlock

Saskatchewan
Assiniboia, Carlyle, Humboldt, Kindersley, Meadow Lake (S), Moose Jaw, Moosomin (S), North Battleford, Prince Albert, Regina, Rosetown, Saskatoon, Swift Current, Tisdale, Wadena (S), Weyburn, Yorkton

Manitoba
Arborg, Brandon, Carman, Dauphin, Killarney (S), Morden, Neepawa, Portage la Prairie, Shoal Lake (S), Steinbach, Stonewall (S), Swan River, Virden, Winnipeg

Ontario
Casselman, Chatham, Clinton, Essex, Frankford, Guelph, Kanata, Kingston, Lindsay, Listowel, London, Mississauga, New Liskeard, Owen Sound, Simcoe, Stratford, Thornton, Vineland, Walkerton, Woodstock, Wyoming

Quebec
Alma, Blainville, Drummondville, Gatineau (S), Granby, Joliette, Lévis, Rivière-du-Loup, Salaberry-de-Valleyfield, Sherbrooke, Ste-Marie, St-Hyacinthe, St-Jean-sur-Richelieu, Trois-Rivières, Victoriaville

New Brunswick
Moncton, Woodstock

Newfoundland and Labrador
Mount Pearl

Nova Scotia
Kentville, Truro

Prince Edward Island
Charlottetown

(S) Satellite office – limited hours

Corporate Office
1800 Hamilton Street, P.O. Box 4320
Regina SK S4P 4L3
Telephone: 306-780-8100
Fax: 306-780-5167

FCC Management Software
1800 Hamilton Street, P.O. Box 4320
Regina SK S4P 4L3
Toll-free: 1-800-667-7893
Telephone: 306-721-7949
Fax: 306-721-1981

FCC Ventures
1800 Hamilton Street, P.O. Box 4320
Regina SK S4P 4L3
Telephone: 306-780-2728
Fax: 306-780-8757

Government and Stakeholder Relations
Tower 7 – Floor 10 – Room 319
1341 Baseline Road
Ottawa ON K1A 0C5
Telephone: 613-773-2940

fcc.ca
csc@fcc-fac.ca

Customer toll-free number
Extended hours: 1-888-332-3301

FCC's venture capital investments are managed by:

AVRIO CAPITAL

avriocapital.com
info@avriocapital.com

7.5 Contacts

If you require more information about FCC's corporate plan or want to provide feedback, contact:

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Annex A – Mandate letter

Minister
of Agriculture and
Agri-Food

Ministre
de l'Agriculture et de
l'Agroalimentaire

Ottawa, Canada K1A 0C5

Quote: 221054

AOUT AUG 31 2016

Mr. Dale Johnston
Chairperson
Farm Credit Canada
1800 Hamilton Street
PO Box 4320
Regina, Saskatchewan S4P 4L3

Dear Mr. Johnston:

The Government of Canada has made broad commitments to inclusive and sustainable economic growth, greater social inclusion, an open and transparent government, and a safer Canada. As Minister of Agriculture and Agri-Food, I am accountable for delivering on these commitments along with the sector-specific priorities identified in my mandate letter from the Prime Minister.

The Government has placed a strong emphasis on delivering results. The Prime Minister and the President of the Treasury Board are working to develop new, more effective reporting processes that will allow Canadians to more easily follow the Government's progress toward delivering on its priorities.

The Government is committed to pursuing its goals with a renewed sense of collaboration with a focus on improving partnerships with provincial and territorial governments and Canada's Indigenous peoples. The Government has set a higher bar for openness and transparency within government. We are also expected to support the Government's implementation of its new selection process for Governor in Council and ministerial appointments, identifying high-quality candidates through an open, transparent, and merit-based process that will help achieve gender parity and truly reflect Canada's diversity.

The Prime Minister's *Open and Accountable Government* identifies mandate letters from the Minister to portfolio organizations as a best practice for ensuring the integrity and coherence of government activities in an integrated way that best supports the Portfolio and the sector.

As Minister of Agriculture and Agri-Food, my overarching goal is to support the agriculture sector in a way that allows it to be a leader in job creation and innovation. My mandate letter sets out sector-specific priorities that include helping the sector get products to markets, research and innovation, food safety, and export support.

.../2

Canada

As Agriculture and Agri-Food Canada works to advance these priorities, the Deputy Minister and I will engage the portfolio organizations on the priorities that fall within their respective mandates. This letter is intended to serve as the basis of an ongoing dialogue between me and your organization as part of the Agriculture and Agri-Food Portfolio.

There is important work to be done within the agriculture sector, and I ask that Farm Credit Canada continue to support the Deputy Minister in her role as my principal source of public service support and policy advice for the Agriculture and Agri-Food Portfolio. The Deputy Minister is responsible for ensuring that the Portfolio functions in a coordinated and coherent manner while respecting the separate accountability relationships and mandates of each portfolio partner. It is my expectation that Farm Credit Canada, the Deputy Minister, and the Department will be in regular communication so that all parties have the information they need to support the sector in a timely and responsible manner that is consistent with the overall direction and priorities of the Government.

Consistent with its mandate, I ask that Farm Credit Canada deliver on the following priorities:

- As Canada's national provider of financial and business services tailored exclusively to the needs and opportunities of the agriculture and agri-food industry, it is essential that Farm Credit Canada work to ensure that producers and processors have access to needed capital through all economic cycles.

- Continue to provide access to capital to allow farm families, producers, and businesses along the entire agriculture value chain to continue to grow their businesses, adopt innovative practices and business models, pursue new markets, and adopt new technology. Continued attention should be given to products and services that facilitate intergenerational transfers, assist young and new farmers entering the industry, promote sustainability, and enhance Canada's food-processing sector to add value here at home before export.

- Continue to strengthen Farm Credit Canada's relationship with other financial institutions, including Canadian banks and credit unions, to explore opportunities for collaboration and syndicated financing opportunities in order to strengthen Canadian agriculture and rural Canada.

- Support Canadian agricultural interests arising from trade negotiations by continuing to work with Business Development Canada and Export Development Canada, along with Agriculture and Agri-Food Canada and private sector organizations, to ensure that Canadian agriculture and agri-food companies have adequate access to capital to succeed in international markets.

- Continue to invest in venture capital funds dedicated to agriculture to ensure that higher-risk venture capital and expertise is available to a growing number of innovative firms.

- Continue to help make the industry more competitive in the global marketplace by sharing the latest business management practices and economic insights through workshops, publications, and learning forums.

- Continue to promote and support industry-driven initiatives that foster a deeper public understanding of agricultural practices, help ensure that producers are aware of the latest consumer trends, promote better public understanding of food production, and encourage the industry to maintain its social license to operate.

- Support the Governor in Council appointment process by developing position profiles for Farm Credit Canada board positions and providing other relevant information to help inform the appointment process.

I expect Farm Credit Canada's work and conduct to reflect the Government's commitment to an open, honest government that is accountable to Canadians, lives up to the highest ethical standards, and applies the utmost care and prudence in the handling of public funds.

The Government of Canada has placed a strong emphasis on achieving results, and I know that I can count on Farm Credit Can a to fulfill these commitments and priorities over the course of the Government's four-year mandate. I encourage Farm Credit Canada to work with Agriculture and Agri-Food Canada to develop performance measures that can be used to effectively track and report on progress of the priorities identified above. I recognize that other issues will arise and trust that you will engage constructively and add priorities to this agenda as appropriate.

I look forward to working together to make Canada's agriculture sector safer, stronger, and more innovative.

Sincerely,

Lawrence MacAulay

Lawrence MacAulay, PC, MP

c.c.: Ms. Andrea Lyon, Deputy Minister, Agriculture and Agri-Food Canada

Annex B – Results Commitment

Outcome	Performance indicator	2017-18 target	2021-22 target	Data strategy
FCC provides products, services and a customer experience that meets the needs of the industry, helping producers and agribusiness and agri-food operators grow their operations, access new market opportunities and innovate.	FCC offers products that meet the needs of the industry.	Net disbursements (new FCC business): $9,509.6 million	Net disbursements (new FCC business): $10,453.9 million	Annual pull of data from FCC's financial systems reporting
		Loan receivable (total loans outstanding): $32,056.8 million	Loan receivable (total loans outstanding): $36,827.1 million	
	FCC delivers a customer experience that meets the needs of the industry.	Customer Experience Index: 62%	Customer Experience Index: 64%	Surveys to customers at various points in the year. Results tracked quarterly and at year end.
FCC is there for the industry in all economic cycles.	FCC maintains a safe and sound capital position to withstand economic downturns and periods of extended loss and to support FCC's strategic decisions.	Capital adequacy measure: Target capital ratio of 15% or higher	Capital adequacy measure: Target capital ratio of 15% or higher	Annual pull of data from FCC's financial systems
FCC ensures agriculture, agri-business and agri-food operations of all sizes have access to capital and a strong financial partner.	FCC lends to small and medium-sized operations, which are less likely to attract financial partners from standard financial institutions.	Percentage of customer count in small and medium-sized segments: 80% or more	Percentage of customer count in small and medium-sized segments: 80% or more	Annual pull of data from FCC's financial systems
FCC helps the industry remain competitive and advances the knowledge and management capabilities of producers and other involved in Canadian agriculture.	FCC offers in-person learning events, as well as publications and digital resources (videos, podcasts and more) to help producers and others involved in Canadian agriculture advance their management skills and grow their businesses.	Average score of event participants on the likelihood they'll use information from the event in their farming operations: greater than 4 out of 5.	Average score of event participants on the likelihood they'll use information from the event in their farming operations: greater than 4 out of 5.	FCC Learning event participant surveys conducted after each event, data complied annually.
		Number of participants in FCC's in-person learning events: 10,000	Number of participants in FCC's in-person learning events: 10,000	

FCC supports the long-term viability of Canadian agriculture and invests in rural communities across Canada.	FCC encourages partners, producers and others to build public trust in Canadian agriculture and food products (Agriculture More Than Ever).	TBD[1]	TBD[1]	TBD[1]
	FCC invests in communities where its customers and employees live and work.	At least $2.5 million invested in community initiatives and projects, including funds provided to local non-profits.	At least $2.5 million invested in community initiatives and projects, including funds provided to local non-profits.	Annual pull of data from Sponsorium database (which tracks FCC community investment activities)
FCC supports the long-term success of Canadian agriculture by focusing on the needs of the next generation of Canadian producers and agribusiness and agri-food operators.	FCC offers specialized lending products and services to help new entrants and young farmers and agribusiness and agri-food operators.	Young farmer lending target: $2.89 billion	Young farmer lending target: $3.48 billion	Annual pull of information from FCC financial systems

[1] FCC will explore measures related to tracking progress on this outcome and key performance indicator. Measures, targets and data strategy to follow.